Egypt .... E£2.25	Lebanon .. £L 50.00	Sweden .. SKr 8.00
Finland ... Fmk 7.00	Luxembourg .. LFr.48	Switzerland SFr 2.20
France .. FFr. 6.50	Malaysia .. Rm 4.25	Taiwan ... NT $85
Germany .. DM 2.20	Mexico .. Pes. 300	Tunisia .. Din 0.800
Greece ..... Dr 80	Morocco .. Dh 8.00	Turkey .... L 500
Hong Kong . HK$ 12	Netherlands . Fl 3.00	U.A.E. ... Dh 6.50
India .... Rup. 15	Norway .. Nkr. 7.00	U.S.A. $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,207 | Friday April 10 1987 | D 8523 B

European helicopters: two's company, three's a crowd, Page 24

World news

Craxi resigns after debate

Italian Prime Minister Bettino Craxi resigned after a debate in the Senate and the failure of behind-the-scenes moves to agree on a new five-party coalition.

This was Mr Craxi's second resignation in six weeks. The first was rejected last week by President Francesco Cossiga, who sent him back to Parliament for a debate in the political situation.

Mr Craxi's resignation brings to an end the 45th post-war government and sets the scene for an early general election. Earlier story, Page 2

Belfast in chaos

Belfast was in chaos with thousands of people forced to walk to work as blocked streets were cleared of burning barricades and hijacked buses after a third consecutive night of rioting.

Moscow spy charge

The Soviet Union accused Washington of sanctioning wholesale espionage against Soviet missions in the US. It said an American "spy campaign" against Moscow was aimed at stopping arms accords. Washington dismissed the accusations as irrelevant. Page 2

Israeli air raid

Israeli helicopter gunships attacked Palestinian guerrilla positions near Sidon in southern Lebanon in the ninth air raid over Lebanon this year.

Herzog criticism

Israeli President Chaim Herzog criticised West German politicians for advocating arms sales to Saudi Arabia. He said during a visit to the federal republic that West Germany had a special responsibility not to help enemies of the Jews.

German steel protest

About 10,000 steelworkers and their families demonstrated outside a Duisburg, West Germany, plant belonging to steelmaking giant Krupp in protest against planned redundancies.

Soviet link-up fails

The Soviet Union's new Kvant space module failed to link up completely in a second docking attempt with the manned space station Mir, Tass said. Ground control met to decide if the mission could be saved.

Strikes hit Spain

Hotel guests in the southern Spanish city of Granada made their own beds and helped themselves to drinks as hotel staff joined an anti-government strike wave sweeping the country.

Dutch soccer ban

Eleven football fans involved in some of the worst soccer violence in the Netherlands were given prison sentences of up to seven months and barred from going to matches for a year.

AIDS ward for UK

The Princess of Wales opened Britain's first AIDS ward, giving firm handshakes to nine patients in a gesture that London hospital authorities said would help fight prejudice against victims of the disease.

Business summary

Wall St hint of Trump bid for UAL

EXCITEMENT is mounting on Wall Street about an imminent takeover or forced restructuring of UAL, the parent company of United Airlines, Westin and Hilton International Hotels and Hertz car rentals. The company's beleaguered management was preparing a statement after Mr Donald Trump, the corporate raider, was quoted as saying that he "totally disagrees with the way the company is run," Page 26

WALL STREET: The Dow Jones industrial average closed 32.96 down at 2,339.20. Page 50

LONDON: Nervous late selling, sparked by concern over the dollar's rate against the yen and a heavy sale of US oil stocks in New York, wiped out early gains in equities. The FT-SE 100 index lost 13.9 to 1,962.8 and the FT Ordinary index was 12.4 lower at 1,546.2. Bonds fell sharply. Details, Page 46

TOKYO share prices lost some of their early upward momentum in later trading but still managed to close slightly higher at a fresh peak. The Nikkei average closed up 9.21 at a record 22,922.20. Page 50

DOLLAR closed in New York at DM 1.8192; SFr 1.5092; FFr 6.0525; Y143.95. It fell in London to DM 1.8250 (DM 1.8390); to Y144.70 (Y146.55); to SFr 1.5145 (SFr 1.53); and to FFr 6.0725 (FFr 6.115). On Bank of England figures the dollar's exchange rate index fell from 102.2 to 101.6. Page 39

STERLING closed in New York at $1.6200. It rose in London to $1.6180 ($1.6125); but fell to DM 2.9525 (DM 2.9650); to Y234.0 (Y235.25); to SFr 2.45 (SFr 2.4675); FFr 9.8250 (FFr 9.8650). The pound's exchange rate index fell 0.2 to 72.2. Page 39

GOLD. In New York the June Comex settlement was $430.50. It rose $2.50 to $422.00 on the London bullion market. It also rose in Zurich to $421.45 ($420.45). Page 38

CREDIT Commercial de France is putting its profits up in lights along the Champs Elysées to launch its imminent privatisation. It raised consolidated net profits last year by 41 per cent. Page 27

LLOYD'S of London unveiled the terms for its proposed out-of-court settlement of the four-year-old PCW affair and ran into a barrage of criticism from 450 members of the former PCW insurance syndicates. Page 26

GEMINA, the Milan holding company which is effectively controlled by Fiat, is negotiating to acquire between 10 and 12 per cent of Nuovo Banco Ambrosiano, the successor to the late Roberto Calvi's bank. Page 27

COMINCO, the Vancouver base metals and fertiliser group, is to offer shares to the public in a new international exploration and mining company to be known as Cominco Resources International. Page 27

COMAU, the factory automation and machine tool subsidiary of Fiat, has acquired three French machine tool companies as part of its efforts to expand its European penetration. Page 27

SSAB, Swedish state-controlled commercial steel group, reported losses (before provisions and taxes) of SKr 893m ($140m) for 1987 due to major restructuring costs. Page 27

CANADA is to monitor all steel imports and exports in an effort to thwart offshore producers apparently avoiding US import curbs by channelling shipments through Canada. Page 3

IMF forecasts decline in economic growth

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN WASHINGTON

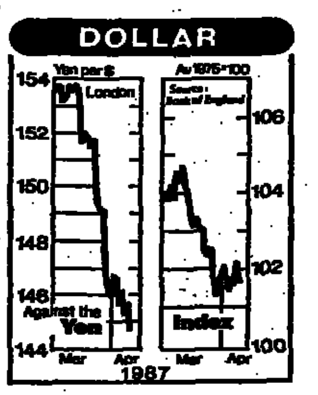
LEADING industrial nations yesterday sought to bolster the credibility of their accord to seek a further period of currency stability as the International Monetary Fund (IMF) forecast a slowdown in their economic growth and only a slight improvement in international trade imbalances.

A flurry of public statements aimed at reassuring financial markets came amid signs that finance ministers and central bank governors of the Group of Seven countries are privately less confident about their ability to stabilise the dollar for a prolonged period.

Mr Nigel Lawson, the UK Chancellor of the Exchequer, described Wednesday's agreement among the Seven to re-affirm their Paris Accord on enhanced co-operation as a "very satisfactory result." Mr James Baker, the US Treasury Secretary, said that the leading industrial nations found "a more solid basis for sustained growth and international financial stability."

In a public display of his dissatisfaction, however, Mr Giovanni Goria the outgoing Italian Finance Minister described Wednesday's communique as a "weak response to a worsening situation."

Central bankers at the talks also said that there was an underlying



sense of unease among participants about their ability to maintain calm on foreign exchange markets unless governments provided firmer evidence that they were meeting their economic policy commitments.

Mr Lawson appeared to acknowledge these doubts when he commented: "If you will the end of exchange rate stability you also have to will the means". The Chancellor was insistent, however, that central banks of the Seven – the US, Japan, West Germany, France, Britain, Italy and Canada – were ready to intervene if necessary to support the dollar.

He told a news conference: "There has been very substantial intervention in the period since the Paris agreement ... we will continue with that as and when it is necessary".

Mr Lawson also hinted that attempts to hold the dollar stable might be bolstered by interest rate reductions outside the US, a view echoed by senior French officials.

Senior monetary officials at this week's IMF talks in Washington said that since February the Bank of Japan had bought about $10bn to support the US currency. The US Federal Reserve, whose intervention hitherto has been thought to have been relatively light, had in fact spent billions of dollars to stabilise its currency against the yen, the officials said.

The US intervention apparently came in response to fears that the dollar's fall against the Japanese currency could trigger a substantial rise in US interest rates, and further falls on Wall Street.

This week's talks among the finance ministers appear to have confirmed the rather loose nature of the currency stabilisation pact agreed in Paris. Mr Kiichi Miyazawa, Japan's Finance Minister, was forced to concede that the more than 4 per cent appreciation in the yen since the Paris Accord was within the bands agreed by the ministers.

Wednesday's communique, which talked of fostering exchange rate stability at around current levels, had also established a new base line for fluctuations in the yen/dollar rate. This was centred on the current rate of Y146 per dollar rather than the Y154 rate prevailing at the time of the Paris Accord.

Mr Miyazawa faced intense pressure during the Group of Seven meeting and during earlier talks among the Group of Five to translate his Government's pledges to do more to stimulate its economy into concrete action.

Other participants suggested that the welcome given in the communique to the package of expansionary measures announced by Japan's ruling Liberal Democratic Party was in fact a signal of their frustration with the Tokyo Government's failure to act so far.

Japanese officials indicated that the package amounted to about $32bn, or 1.5 per cent of Japan's national income, but Mr Miyazawa gave no details as to what extent

Continued on Page 26

Background, Page 8; money markets, Page 39

EEC airlines to negotiate on price-fixing

BY QUENTIN PEEL IN BRUSSELS

THE European Commission yesterday agreed to drop its threat of legal action against three major EEC airlines – Lufthansa, Alitalia and Olympic Airways – after they promised to negotiate changes in their price-fixing and revenue-sharing arrangements.

The move was announced by Mr Peter Sutherland, the commissioner responsible for enforcing competition policy in the community, as an important step in the commission's offensive to liberalise air transport.

He said negotiations were now going ahead with 10 major European airlines to scrap the clauses in their bilateral agreements effectively creating a cartel on all major EEC air routes through price-fixing, revenue-sharing and splitting seating capacity between them.

Mr Sutherland said: "This process should lead to a substantial and rapid change in the market place." The Commission is confident that this procedure will lead to an improvement in the competitive environment in the sector."

However, he admitted that the 12 Community governments could still seek to restrict the degree of competition on air routes in their own negotiations, taking place simultaneously among their respective transport ministers.

The backdown by Lufthansa, Alitalia and Olympic came after the Commission announced its decision to issue "reasoned opinions" about their anti-competitive practices – a legal move which would have left them open to court action by individual passengers.

The other airlines already involved are Aer Lingus, Air France, British Airways, British Caledonian, KLM, Sabena and SAS. "These airlines have now undertaken to modify their agreements," the Commission said.

Mr Sutherland was clearly delighted at the success of his strategy so far – but cautious about claiming a complete breakthrough.

He said the airlines had specifically agreed to make several major concessions:

- that there should be no "concertation" on tariff agreements;
- that a maximum of 1 per cent of revenues should be involved in revenue pooling deals;
- that references to capacity-sharing should be removed from agreements;
- that any joint ventures should be submitted to competition inspectors for scrutiny.

The agreement means in effect that the airlines will move their own cartel arrangements from bilateral company deals to whatever they can persuade their respective governments to negotiate at national level.

However, the transport ministers are themselves under pressure from the Commission to agree a sufficiently liberal deal by June 30 if the Brussels authorities are to grant air transport a block exemption from the full force of competition enforcement.

THE JAPANESE REMAIN POLITE BUT PREOCCUPIED

Why UK talks failed

BY CARLA RAPOPORT IN TOKYO

BRITAIN's bitter trade disputes with Japan may be making banner headlines in London, but in Tokyo the UK is playing second fiddle to a host of more pressing concerns. However, the Japanese are unfailingly polite to all visitors and this week's visit by Mr Michael Howard, UK Minister for Corporate and Consumer Affairs, was no exception.

Despite his message of "deep concern" over Japan's trade imbalance with the UK and clear threats of retaliation if various demands were not met, he returned home with little in terms of firm commitments from the Japanese.

Unfortunately for Mr Howard, the UK's demands come when Tokyo is facing one of the worst trade rows in recent memory – with the US over semiconductors.

Coincidentally, the ruling Liberal Democratic Party is embroiled in a crisis over its proposed sales tax, which could seriously damage its results in the current local government elections. Prime Minister Mr Yasuhiro Nakasone's own political future remains in the balance over the sales tax issue.

Furthermore, the yen continues to climb against the dollar, straining the Japanese economy. Economic growth slowed to its lowest level in 12 years last year, compelling the Government to re-think its commitment to fiscal austerity and consider substantial pump-priming programmes.

Business leaders have become almost strident in their calls on Government to help boost the economy and head off further rises in unemployment.

Trade issues, such as UK worries over telecommunications and seats on the Tokyo Stock Exchange, are everyday issues for the Japanese.

Not surprisingly, coverage of Mr Howard's visit in Tokyo papers was modest, ranking a distant second to the US trade crisis. UK's trade deficit with Japan, after all, is just over a 10th the size of the US trade deficit.

Possible retaliation from the UK does not have the Tokyo Government shaking in its boots, at least not yet.

Even though the UK could revoke the licences of Japanese banks under the new Financial Services Act, government officials privately doubt whether the threat could be carried out. "How could Britain call itself an international financial capital if it threw banks out?" asked a Tokyo Government official yesterday.

Japanese bankers are not so sure. News of possible retaliation over access to the TSE has come as a surprise to Nikko and Yamaichi, two securities firms which are awaiting banking licenses in London.

However, the financial community's ability to influence the Tokyo Stock Exchange on matters such as increased foreign membership is believed to be minimal.

Still, foreign bankers in Tokyo doubted the threat could be made good. One major UK merchant banker pointed out yesterday that Nomura now recruits more Oxbridge graduates than his bank. "These banks and securities firms are a major source of employment in Britain. Has this been considered?"

Officially, Japanese Government

Tokyo stock exchange, Page 5

— Continued on Page 26

Unions settle quietly

By Our Tokyo Correspondent

JAPAN'S trade unions have quietly accepted the lowest pay increases in nearly three decades, a move which should help ease the country's adjustment to lower economic growth in the wake of the yen's appreciation.

In this year's 28th annual spring labour offensive, unions agreed to pay rises of slightly over 3 per cent in the steel, electronics and automobile industries. Workers at Toyota won the highest rise of 3.46 per cent, while steelworkers settled for just 1.55 per cent.

Union leaders said the managements' arguments were strengthened in recent weeks by the rising level of protectionist sentiment and trade friction from the US and Europe against Japan.

The peace surrounding this year's labour talks, however, may be broken by forthcoming talks in the privately owned railway industry.

Dublin ruling delays closer European ties

BY HUGH CARNEGY IN DUBLIN

IRELAND'S supreme court threw a surprise spanner in the European Community works yesterday when it ruled that the Single European Act, designed to forge closer economic and political links between member states, was against the country's constitution.

Implementation of the act, agreed last year after painstaking negotiations and due to come into effect last January 1, has already been held up for more than three months by Ireland's failure to ratify it while the issue was tested in the nation's courts.

A further delay is now inevitable while the Fianna Fail Government, which met in emergency cabinet last night, decides its next move. The likeliest course is a referendum on a proposal to amend the constitution to accommodate the act.

The main parties are all strongly pro-European and expect such an amendment to be carried. But the issue will provoke a passionate debate on the merits of Ireland's membership of the Community, similar to the referendum on joining in 1972. In particular, there are strong worries about the perceived threat to Ireland's neutrality from the Single Act. Ireland is the only member state which is not a member of Nato.

Mr Charles Haughey, the Prime Minister, told parliament that Ire-

Continued on Page 26

Lonrho chief wins inquiry into affairs of House of Fraser

BY MARTIN DICKSON IN LONDON

MR TINY ROWLAND, chief executive of Lonrho, the UK-based international trading conglomerate, yesterday succeeded in his bitter two-year campaign for a government inquiry into the £615m ($996.3m) acquisition by the Egyptian Al-Fayed family of House of Fraser, the UK stores group which includes Harrods of London.

Mr Paul Channon, the British Trade Secretary, announced he had appointed inspectors under section 432 of the Companies Act 1985 to "investigate the affairs of House of Fraser Holdings."

He has asked the inspectors to look in particular at the "circumstances surrounding the acquisition of shares in House of Fraser plc in 1984 and 1985."

The Al-Fayeds won control of House of Fraser in March 1985 from under the nose of Lonrho. Mr Rowland has been campaigning for the deal to be referred to the Monopolies Commission.

He has repeatedly alleged, and the Al-Fayeds have consistently denied, that they achieved the takeover on the basis of false information about their financial position and the source of the money used for the bid.

However, the phrasing of the minister's announcement suggests the inquiry will also cover the sale by Lonrho of its 29.9 per cent stake in House of Fraser to the Al-Fayeds in November 1984, a holding which was to give them a platform for their subsequent bid.

This is the latest in a spate of Department of Trade investigations in recent months. Inspectors are already looking into alleged share-rigging during the takeover of Distillers by the drinks group Guinness last year, into share dealing in Consolidated Gold Fields, and into shareholdings in Bremner, the Glasgow stores group.

Bank of England inspectors are looking into Standard Chartered Bank's lending during the unsuccessful bid for it by Lloyds Bank last summer.

Mr Paul Spicer, a Lonrho director, said last night the company was pleased its persistent efforts had resulted in an inquiry.

A spokesman for the Al-Fayeds said: "Naturally we do not welcome the inconvenience of the inquiry, but we do welcome it as an opportunity to clear this matter up once and for all. We are consulting with our legal advisors and our future action will be determined by advice from them."

Mr Rowland had bombarded ministers, Whitehall officials and the press with a stream of letters demanding that the Al-Fayeds' purchase of House of Fraser be referred to the Monopolies and Mergers Commission.

However, in November 1985, Mr Leon Brittan, who was then Trade Secretary, rejected his request. He said Sir Gordon Borrie, director general of Fair Trading, had advised that, on the basis of information available, there was no evidence to support Lonrho's claim that funds from the Sultan of Brunei were used during the takeover.

THE FINANCIAL TIMES ON SATURDAY

The Saturday Financial Times from tonight joins the weekday edition in being printed in Frankfurt. This will help to improve the distribution of the paper outside Britain, with 60,000 copies being printed in Frankfurt for distribution across the Continent and beyond, and to alleviate supply problems readers in Britain may have experienced.

An extra 30,000 copies of tomorrow's paper, including the Weekend FT, will be available for UK distribution. Our US production continues unchanged.

Tonight's Frankfurt printing coincides with a special issue of the Weekend FT celebrating springtime in Paris. FT writers cover everything from food, fashion, wine and shopping to the arts, nightlife, property and new architecture.

CONTENTS

COMING ROUND FOR A SECOND TERM

François Mitterrand could be persuaded to stand again for the French presidency. Page 2

Moscow takes offensive in embassy spy scandal

BY PATRICK COCKBURN IN MOSCOW

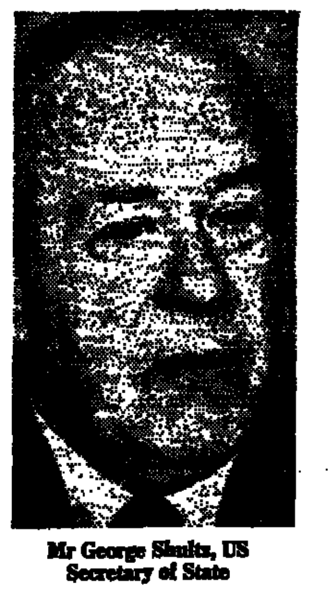
THE SOVIET Union yesterday took the offensive in the scandal over espionage against the US embassy in Moscow by putting on display electronic listening devices found in Soviet embassy buildings in the US.

Mr Boris Pyadyshev, a Foreign Ministry spokesman, said that bugging devices on display with photographs of their location had been found very recently in the window frames of the new complex of Soviet embassy buildings in Washington as well as four other Soviet diplomatic posts including the consulate in San Francisco.

"These are unlawful attempts by the American authorities to create for Soviet diplomatic and consular missions in Washington, New York and San Francisco unbearable working and living conditions," he said.

The Soviet embassy in Washington is to put on display today more "bugs" allegedly planted by US agents during construction activities.

Accusing the US of "spymania" Mr Pyadyshev said that every time there was a chance of an agreement between the US and Soviet Union right wing forces in Washington sought to sabotage talks by spy scandals.



Mr George Shultz, US Secretary of State

Soviet officials are clearly worried that a new espionage scandal will undermine negotiations between Mr George Shultz, the US Secretary of State, and Mr Eduard Shevardnadze, his Soviet counterpart, in Moscow next week.

But in contrast to previous spy scandals which have disturbed US-Soviet relations in recent years Moscow appeared determined to take the offensive yesterday by accusing Mr Shultz of hypocrisy in denying this week that the US had not intruded on the property of Soviet embassies.

Earlier Soviet spokesmen had treated stories of alleged treachery by two US marine guards at the US embassy in Moscow as comic relief which should not be treated seriously.

Mr Pyadyshev would not directly deny that the US embassy in Moscow had been bugged but said the Soviet Union was more worried by the political than the intelligence damage caused by the bugging scandals in Moscow and Washington.

He said they had been found in window frames, light sockets and inside reinforced concrete blocks.

Referring to President Ronald Reagan's refusal this week to allow Soviet personnel to move into their new embassy in Washington until the US embassy in Moscow is made secure, Mr Pyadyshev said President Reagan had produced not a single fact proving Soviet espionage activities.

Deal eludes Italian politicians

BY JOHN WYLES IN ROME

STRENUOUS efforts in the Italian Senate last night appeared to have failed in organising a last-minute compromise deal between the Christian Democrats and the Socialists to avert an early general election.

Liberal leaders, who had been urging a reconciliation between the two parties for several days, were hoping to get both to sign a document asserting that a Christian Democrat-led government should be formed capable of seeing out the current Parliament and of allowing controversial referenda on nuclear energy and judicial reform to go ahead in June.

The move came he day after 16 Christian Democrat ministers resigned en bloc from the Government led by the Socialist Mr Bettino Craxi—a move strongly at odds with the majority party's staid and stable image.

The Liberal initiative sought to exploit the view expressed in a Senate debate yesterday by all parties — except the neo-Fascist MSI — that early elections must be avoided.

However, it was rejected by Mr Nicola Mancino, Christian Democrat leader in the Senate, in a faithful reflection of the stand taken by his party's secretary, Mr Ciriaco De Mita, that any new government must avoid the referenda.

This is directly opposed to Mr Craxi's position and leaves Mr De Mita probably accepting the unpopular responsibility for forcing early elections.

While a climb-down would be bad for Mr De Mita's personal standing, it would probably be rather good in the short-term for that of his party. Mr Giulio Andreotti, its popular minister would take over from Mr Craxi — whom Mr De Mita no longer regards as "trustworthy"—and begin the task of accustoming Italy to having a Christian Democrat prime minister again after nearly four years under a Socialist.

As President Francesco Cossiga probably intended when he requested it, yesterday's Senate debate has served to isolate the Christian Democrats as the only obstacle to a renewed five-party coalition.

Mr Craxi was due to close the debate last night and then hand in his resignation to the President at the Quirinale Palace.

Norway to form shipping register

By Kevin Done in Stockholm

THE NORWEGIAN Government is to set up an international shipping registry designed to attract tonnage from both Norwegian and foreign owners in a drastic attempt to halt the decline of the Norwegian flag fleet.

The minority Labour Government is to publish the proposed legislation today in the hope that the new registry will be operational from July 1.

The bill represents a far-reaching liberalisation of existing rules and regulations and is aimed at establishing a registry that will enable Norway to compete with the leading flags of convenience such as Liberia, Panama and the Bahamas.

Oslo is concerned about the rapid erosion of the country's maritime industry, which is Norway's second most important earner of foreign currency after the oil and gas industry.

The Norwegian flag fleet has shrunk to about one-fifth of its size of 10 years ago at less than 10m deadweight tonnes, as Norwegian owners have found themselves increasingly unable to compete with vessels registered under foreign flags of convenience. At the same time, however, a substantial fleet has been built up under foreign flags, but still controlled by Norwegian owners.

The proposals have met bitter opposition from Norwegian trades unions anxious to maintain jobs for Norwegian seamen with Norwegian terms and conditions of employment, and some key provisions in the proposed legislation governing negotiating rights are still to be clarified.

The Norwegian Shipowners Association said yesterday that the specific aim was to make the registry fully competitive with existing open registries in terms of operating costs.

According to the Government's proposals there will be no nationality requirements either on manning or equity capital.

The aim is to set up a "quality registry" with a requirement that a "significant part" of the operating functions should be conducted from Norway.

The registry, which will be based in Oslo but with facilities for registration to take place all over the world, will be restricted to vessels engaged in international trading, excluding therefore coastal and offshore service vessels.

With Norway's new flexible manning arrangements, the registry will open the way for a considerable reduction of existing manning levels.

David Housego on the chances of the French President standing again

Mitterrand sets election pace

WHAT seemed unlikely only a year ago is increasingly wearing the colours of a probability. President Francois Mitterrand is preparing the ground to stand for a second term.

It is not only the well-organised applause that greeted every mention of his name at the Socialist Party's congress in Lille at the weekend which will make it more difficult for him to withdraw from the fray without seriously damaging the party's chances. President Mitterrand is forcing the pace himself with something approaching an election tour of eastern France last week, more appearances on television and well-publicised meetings with heads of state.

Much of the corridor talk at the Lille congress was on the conditions of a Mitterrand candidacy and how he would make use of a second term. The name of Mr Michel Rocard, the former Minister of Agriculture, went forward more easily as the party's second choice because for many he would be the candidate of defeat. This has the advantage for his foes in the party of effectively putting an end to his future influence.

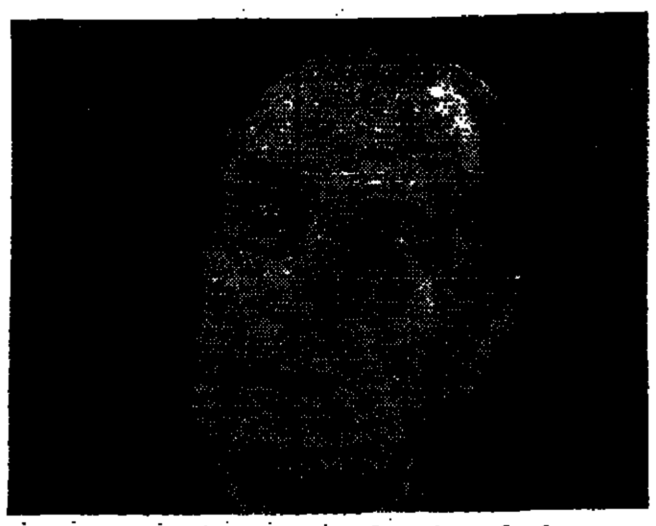
A Mitterrand candidacy would imply for the party a very different platform from that of Mr Rocard. Mr Mitterrand would stand on his considerable authority in the country, and on maintaining a balance of power between the Government and the President.

There would be less attention to the details of the party's programme and more emphasis on its competence to govern.

Mr Mitterrand would thus be fighting a campaign intended to reassure middle-of-the- road voters. Further reassurance would be given by the new ruling secretariat of the party, which has been reduced in size and stacked with former Socialist ministers who had a good record in office.

At the same time the party, in its official language, would take on the task of wooing deserters from the Communist Party and these on the left. Hence the tone of the Lille Congress was to emphasise the values of the left and underline the differences that separate the Socialists from Mr Chirac's administration.

Part of Mr Mitterrand's reluctance to stand again has been the fear of the "Reagan syndrome"—for a man already 71. But the experience of "cohabitation" has shown him that the institutions of the Fifth Republic allow the President to conserve his energies for the broad direction of policy and foreign affairs.



Mitterrand; difficult to withdraw from the fray.

A second term need not be as exhausting as the initial period of his first or involve the demands put on the head of the US executive, Besides, President Mitterrand could seek to reduce the term of office from seven years to five.

A victory for the left in next year's presidential elections must remain the less likely outcome with the balance of forces in the country running at 54:46 in the right's favour. Success would depend largely on there being sufficient animosity between Mr Raymond Barre and Mr Jacques Chirac to cause the followers of the loser in the first round of the presidential contest to decline to swing their votes to the other in the second round. It was a lack of unity on the right which allowed President Mitterrand to win in 1981.

This time, the potential differences in the right have been exacerbated by the rising star of Mr Jean-Marie Le Pen, leader of the extremist National Front, who is expected to declare his candidature this month.

Should Mr Mitterrand be victorious, the immediate question he would face would be whether to dissolve the National Assembly, as he did in 1981. The assembly has a two-to-three seat majority in favour of Mr Chirac's RPR-UDF coalition. A strong body of opinion at the Congress believed that, unless Mr Mitterrand had an overwhelming victory, he would rule with the existing parliament.

This would be in line with his logic during the period of cohabitation of allowing the electoral calendar to run its course "out of respect for the country's institutions." It would also have the advantage of pinning on the right the responsibility for bringing down a government of inevitably centrist colours—possibly one under the Prime Ministership of Mr Jacques Delors who has already prepared the ground by calling recently for an "ideological truce" in French politics.

Mr Mitterrand's "grand design" for his second term, on the assumption that the state of the French economy leaves little room for macroeconomic changes, would be twofold: he would want to prepare France for the opening up of the internal European market by 1992 as part of an economic and foreign policy more closely centred on Europe. He would also want to influence the restructuring of French politics that all parties feel is inevitable after 1988.

If the right did lose, with its two existing leaders, Mr Chirac and Mr Barre both defeated, both the RPR and the UDF would have difficulty in holding together. Mr Mitterrand would thus want to create, in what is likely to be a more polarised two-party system, a new coalition of the left that would embrace centrists, socialists and former Communists. The Socialists alone have only about 36 per cent of the vote.

This emphasis on the realities of power inevitably puts a dampener on the evolution of policy within the party. Both Mr Rocard and Mr Fabius set out at the weekend to put down markers for the future direction of the party with proposals on education, research, a minimum social wage and the future of the social security system.

But the only new thinking to emerge were ideas for "sharing with growth." These rest on the assumption that France cannot increase employment or consumption without creating a deficit in the balance of payments. Thus the idea that new jobs to be created in sectors such as building, tourism or leisure which do not entail heavy imports, should be accompanied by voluntary cuts in purchasing power elsewhere. The proposal has not been received with enthusiasm by party leaders, who fear that it will be difficult to explain electorally.

Nonetheless, the party has been comforted in its Socialist values by spelling out its differences with Mr Chirac's administration over such issues as the social bias of taxation, the handling of immigration and control of the police.

The growing probability that Mr Mitterrand will stand by no means rules out a Rocard candidacy. His success at the Congress was to make himself the only alternative. His difficulty would be that a Mitterrand decision announced early next year would give him little time to establish himself nationally. He is not an experienced fighter and could crack under pressure in a difficult campaign.

But a Rocard candidacy would certainly require the party to be more explicit about its electoral programme. Hence the decision at the Congress to start preparing the ground now and possibly tying Mr Rocard's hands as well.

Gorbachev to deliver key speech

By Leslie Colitt in Prague

WARSAW PACT official said Mr Mikhail Gorbachev, the Soviet leader, is to deliver a key foreign policy speech today during his first official visit to Czechoslovakia.

Mr Gorbachev was welcomed to Czechoslovakia yesterday by Mr Gustav Husak, the Czechoslovak leader who has been in power since 1968.

The Soviet occupation of Czechoslovakia in August 1968 ended a "Prague Spring" under Mr Alexander Dubcek, the reformist Communist leader who was deposed, reviled and evicted from the party along with most of his supporters.

East European officials said the Soviet leader could propose a unilateral withdrawal of "tactical" nuclear missiles from Czechoslovakia among other measures.

Western officials had speculated that he would also announce a pull-back of some of the 85,000 Soviet troops "temporarily" stationed in Czechoslovakia since 1968.

The tactical missiles were deployed in Czechoslovakia and East Germany in an alleged response to the planned deployment of medium-range missiles in European Nato countries.

Their removal along with that of Soviet missiles in Eastern Europe is currently the subject of negotiation in Geneva.

Czechoslovaks warmly welcomed Mr Gorbachev to Prague both officially and unofficially. Along with flag-waving crowds ordered to appear by their employers were sitizens who, for the first time in memory, came out of sheer sympathy for a visiting Soviet leader.

On Prague Castle Square, a group of some 30 students had come voluntarily along with hundreds of other Prague inhabitants to catch a glimpse of the Soviet leader and his wife Raisa.

One of the students said Mr Mr Gorbachev was "very popular" among young people in Czechoslovakia. He said they hoped he could bring about many changes in the Czechoslovak leadership and that people would be disappointed if this did not happen.

Other students said the central planning system had failed while relations between workers and management had to be "democratised."

● The Warsaw Pact has suggested to Nato a freeze on arms spending for up to two years, the Romanian news agency Agerpres said, Reuter reports from Belgrade.

The agency said the Romanian Foreign Ministry handed the proposal to the embassies of Nato countries in Bucharest.

Alfa Romeo unions dig in over changes in working

BY JOHN WYLES

THE Fiat group's attempt to negotiate new working arrangements at the two former Alfa Romeo plants has broken down for the second time because of union opposition to the company's proposals.

Buoyed by strong support for a 90-minute stoppage at Alfa's Arese and Pomigliano plants on Monday, leaders of the CGIL union federation have dug in this week over the company's proposals for manning assembly lines.

The unions have apparently decided that they will have to give way to Fiat's insistence on abandoning the work group system at Alfa, under which assembly line tasks are shared, but the CGIL, according to Fiat, is seeking to retain the freedom for workers to change their assembly line tasks at will.

Disagreement on the issue ruptured negotiations late on Wednesday and no new date has been set for a resumption. In the meantime, Fiat has said that it will lay off 1,600 workers from May 1 for re-equipment work on the two plants.

It was not clear yesterday to what extent progress is being hindered by inter-union disagreements and rivalries, which were a key factor in bringing negotiations to a halt late in March.

Fiat is seeking work changes which will help raise productivity at the factories, which it acquired at the beginning of the year, by the 37.5 per cent which it says is needed to match European competitors.

● Italy's car market continued to boom in March when sales set a monthly record of 197,740, an increase of 12 per cent over the same period last year. First quarter sales have risen 7.43 per cent to 534,426.

Fiat's share, minus Alfa Romeo, remained steady at around 51 per cent, but Alfa's hold on the market slipped from 6.7 per cent to 5.7 per cent. In the first three months, its share has slipped from 6.9 per cent to 5.9 per cent.

Deputy chairman of Italian bank quits over scandal

BY ALAN FRIEDMAN IN MILAN

THE deputy chairman of Banca Nazionale del Lavoro (BNL), the Rome-based state institute which is Italy's largest bank, resigned yesterday following his recent indictment on charges of having been involved in an embezzlement scandal at a bank in the Calabria region.

Professor Francesco Del Monte, who was appointed deputy chairman of BNL in 1985, was arrested 15 days ago in the town of Locri, at the southern tip of Italy. Prof Del Monte was until 1985 chairman of Calabria's largest savings bank—the Cassa di Risparmio di Calabria e Lucania (Carical).

He was charged along with 10 other past and present Carical executives.

Bank of Italy inspectors originally uncovered the Carical embezzlement, said to have involved hundreds of billion of lire. The scandal, according to judges in Calabria, included the participation of the local version of the Mafia — the N'Drangheta.

Although Prof Del Monte was released from jail a few days ago, he still faces prosecution, according to BNL. He resigned yeserday, saying he wished to protect the "greater interests" of the Rome bank.

Maxwell meets Gonzales over television bid

By David White in Madrid

JOCKEYING for position in the three channels proposed under Spain's private television bill began in earnest yesterday when Mr Robert Maxwell, Publisher of the Mirror group of newspapers, held a meeting on the project with Mr Felipe Gonzalez, the Spanish Prime Minister.

The talks follow the successful bid by a consortium including Mr Maxwell and led by businessman Mr Francis Bouygues for France's hitherto state-run TF-1 channel.

Mr Maxwell said he had "reason to believe" that the 15 per cent limit laid down in the Spanish bill on participation by press groups would apply only to Spanish-owned newspapers and that the law would therefore enable him to take up to 25 per cent in one of the channel consortia.

This, he said, would be "in line with the law in France and 5 per cent more than in Britain."

He discussed a possible link-up with Prisa, publishers of the leading spanish daily El Pais, but said he was also "thinking about" Grupo Zeta, a popular magazine and newspaper chain, which has likewise been among the front-runners for private television.

After the TF-1 verdict, it was "very natural that we should be looked on as appropriate partners," Mr Maxwell said. His plans for Spain would include a production company which would be able to export programmes for use by TF-1 and other channels.

Paris social security funds crisis

By George Graham in Paris

THE FRENCH government plans an emergency financial injection to help meet the FFr 30bn deficit expected this year in the social security budget.

The government is to hold national conferences in summer and autumn on longer-term reform of the social security system, but more urgent action is needed to balance its accounts this year.

Mr Philippe Seguin, Minister for Social Affairs, said the emergency aid would have to be decided in the next few days or the social security system would be bankrupt by the fourth quarter of the year. He estimates the financing need for the year at FFr 24bn.

No decision on the precise form of the cash injection has yet been taken, but Mr Alaine Juppe, Budget Minister, said yesterday that the funds could come from an additional social security payment levied on total incomes, rather than only on income from employment as at present.

UK and France hope to curb arms supply costs

BY DAVID HOUSEGO IN PARIS

THE British and French Governments share a common anxiety to cut defence equipment costs through opening up their markets to suppliers from each other countries, according to members of the British parliamentary committee on defence who yesterday ended a visit to Paris.

Mr Michael Mates, the chairman of the committee, said that there was a realisation on both sides that unless there were changes in procurement policies "we will price ourselves out of producing adequate equipment.

He described the impetus on the French side for more cross-purchasing as stemming from Mr Andre Giraud, the French Minister for Defence, and said that it could bear fruit

The select committee's visit coincided with France's new five-year equipment purchasing plan being put before the National Assembly and with expressed French interest in producing a new generation supersonic cruise missile in collaboration with Britain.

Mr Mates said the committee did not see scope for co-operation in producing strategic nuclear weapons because Britain had no requirement for such a missile. He could not see any British government wishing to extend Britain's nuclear arsenal in such a way.

French interest in such a proposal surfaced in a report published this week by the French parliamentary defence committee as a step towards a European strategic deterrent.

France is anxious to find savings on on its nuclear deterrent programme which will absorb almost a third of the FFr 474bn ($48bn) to be spent on defence equipment over the next five years.

The committee saw Mr Giraud as well as armed forces chiefs and major defence industries.

● Aircraft maker Avions Marcel Dassault-Breguet Aviation has offered the French Defence Ministry a new design of its Rafale fighter which is lighter and less detectable by radar, the company said yesterday, Reuter reports from Paris.

It said the Rafale-D was a response to ministry requests to improve the aircraft's "stealth" by making it harder to detect by radar.

Optimism at Vienna talks on security

By Patrick Blum in Vienna

THE SECOND session of the reconvened Conference on Security and Co-operation in Europe (CSCE) ends in Vienna today with Western delegates more optimistic about the chances of a successful outcome to the conference.

Mr Warren Zimmermann, head of the US delegation, said he was more hopeful following recent developments in the Soviet Union although the "new thinking" in the Soviet capital had not so far been reflected in the speeches of the delegations from the Soviet Union and its allies in Vienna.

He suggested that psychiatric hospitals run by the Interior Ministry should be closed down, that clauses in the criminal code used against dissidents should be scrubbed and that there should be guarantees that emigration will be allowed to rise.

"It is not so much to ask the Soviet Government, which has already done a great deal to take these further steps," he said.

He will be making a survey of implementation of the Helsinki Accords in his speech to the conference today. "This is still what matters most," he said.

UK attacked on research funds

BY WILLIAM DAWKINS IN STRASBOURG

BRITAIN came under fierce criticism in the European Parliament yesterday for holding up an Ecu 6.48bn (£4.58bn) joint EEC research scheme.

MEPs voted by 141 to four for the European Commission to pull the five-year plan off the table unless the UK removes its block on the scheme within the next three weeks.

Although the vote is not unexpected, it is an embarrassment for a British government, which has been alone in the EEC in refusing to back the project since West Germany lifted its objections last week.

In a strongly worded motion the parliament "deplored the restrictive attitude adopted by the UK government." MEPs from all sides variously branded London's stance as "arrogant" and motivated by "pettifogging budget considerations."

A commission spokesman said that the Brussels authorities were unlikely to withdraw the programme — despite threats to do so in the past by Mr Jacques Delors, the Commission president — while one member state remained so isolated.

But if the commission did withdraw the scheme, the present research programme would have to survive on its existing budget, due to run out at the end of this year.

Such a move would also reopen the possibility, mooted in the parliament, of the 11 other member states forming their own joint research project and going ahead without Britain.

The idea in its present form is constitutionally impossible, because the framework programme requires unanimous support, but it is attracting increasing political interest

Colonel cleared on Libya link

By David White in Madrid

An extreme right-wing Spanish army colonel who admitted making a secret visit to Libya to seek finance from Colonel Muammer Gadaffi was acquitted in a court martial late on Wednesday night.

Col Carlos de Meer admitted going to Tripoli in January last year to meet the Libyan leader, but said the backing he was seeking was for a newspaper and not a coup conspiracy, as alleged initially by Spanish intelligence.

European space plan hit by disagreements

BY PETER MARSH IN LONDON AND LOUISE KEHOE IN SAN FRANCISCO

THE 13-nation European Space Agency has put off a ministerial meeting in June to finalise a European space plan for the next 15 years. The move reflects the agency's continuing problems in reaching agreement with the US over a proposed international space station, which is due to enter orbit in the 1990s.

The ESA said yesterday that the ministerial meeting planned for June might now go ahead in November, although this has yet to be decided.

Both ESA and the US National Aeronautics and Space Administration are keen to finalise an accord over the station by the summer. But the two sides have run into difficulties on matters such as the patent rights for any inventions on the base.

Another problem has been reaching agreement on a management framework for operating the facility, which is due to accommodate up to eight people, once it is in orbit.

Apart from the ESA nations, Canada and Japan also plan to join the venture. Between them, these countries are likely to contribute about $4bn (£2.5bn) to the station, to add to the $12bn-$14bn which the US is due to spend building the base.

A further complication is that the US has recently scaled back its own plans for the station, reducing the degree of sophistication in an effort to reduce costs.

Nasa said it was considering two ways of proceeding with the station, the least ambitious of which would involve building the structure in two phases.

Total costs to the US for either option are $12.2bn and $14.5bn, both sums being considerably above the $8bn originally budgeted for the US contribution to the costs when the facility was proposed three years ago.

The base, with room for up to eight people, is likely to be permanently manned in 1996, two years later than originally scheduled.

Meanwhile, Nasa's space and earth science advisory committee has told the agency that it should change its strategy of relying on the shuttle fleet to lift parts of the station into orbit.

The committee, chaired by Professor Peter Banks of Stanford University, says that Nasa should build a new rocket, called the heavy lift vehicle. The shuttle fleet, still grounded after last year's Challenger accident, will not provide enough flights, according to the committee.

Soviet craft again fails to dock with space station

THE Soviet Union's new Kvant space module yesterday failed to link up completely in a second docking attempt with the manned space station Mir and ground control was deciding whether the mission could be saved, Reuter reports from Moscow.

The official Tass news agency said Kvant, described as a fundamentally new type of craft, had functioned normally through every stage of rendezvous and docking before it hooked up with Mir.

But analysis of information from the craft showed the link-up was incomplete and scientists were studying the data received to decide whether it would be possible to continue operations with the module, Tass said.

A first attempt to dock Kvant with Mir, which has been manned since February by cosmonauts Yuri Romanenko, 42, and Alexander Lavelkin, 35, was aborted last Sunday when the module's directional systems failed.

Tass said Romanenko and Laveikin had co-operated with ground control in monitoring docking manoeuvres controlled by automatic systems on board Kvant.

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OVERSEAS NEWS

Car bomb kills 3 in capital of Botswana

BY ANTHONY ROBINSON IN JOHANNESBURG

A CAR BOMB explosion in a suburb of Gaborone, the capitaul of Botswana, yesterday killed two children and an old woman, and has caused renewed nervousness in the Front Line States.

No organisation has yet claimed responsibility for the blast, but a Botswana official said the mini-bus in which the bomb was placed carried South African licence plates.

The blast occurred only hours after Mr Pik Botha, South African Foreign Minister, told an election rally in Natal that the South African Government had intelligence reports of plans by the banned African National Congress (ANC) to disrupt the elections.

He accompanied the allegations with a warning to the neighbouring Front Line States that South Africa would take whatever steps were necessary to block any such plans.

On Tuesday two suspected ANC guerrillas were shot by police near Ventersdorp, west of Johannesburg, in a gunfight which also fatally injured a white policeman. A day later a section of railway line was blown up by two limpet mines in the black township of Soweto.

Mr Botha's latest warning is part of a concerted effort by the National Party to portray itself as a reliable bastion against what it calls the ANC/Communist Party onslaught against South Africa.

While the opposition Progressive Federal Party and the independent candidates have argued that the ANC must be legalised and involved in political power-sharing negotiations, the NP seeks to portray the ANC as a terrorist organisation to be smashed.

President P. W. Botha said recently that both the ANC and South West Africa People's Organisation (Swapo) had to be "confronted and eliminated."

Such warnings are taken seriously by the Front Line States, especially after the South African bombing raids against alleged ANC facilities in Botswana, Zambia and Zimbabwe on May 19 last year during the visit of the Commonwealth Eminent Persons Group (EPG).

Bank Leumi starts action against ex-chairman

BY ANDREW WHITLEY IN TEL AVIV

BANK Leumi le-Israel yesterday launched a court action in Tel Aviv against Mr Ernest Japhet, its former chairman and chief executive, demanding the return of nearly $5m (£3.5m) in severance and pension.

The row between Israel's leading bank and its long-standing chairman erupted last year when it was disclosed that Mr Japhet had secured a handsome "golden handshake" from his former board in return for his forced resignation.

At a time when the bank, like all others in Israel, was under continual pressure from the regulatory authorities to make economies, particularly on manpower, the payments created a public uproar.

The determinaion of the new board headed by Mr Zadik Bino brought in from outside to restore Bank Leumi's morale and direction after a series of scandals, to pursue Mr Japhet has thus become a symbol of the bank's willingness to clean itself up.

In a lengthy document presented to the court yesterday, Bank Leumi outlined the way in which it claims Mr Japhet was able, in effect, to engineer his own generous departure terms with a small board committee.

Singled out for special criticism by a commission of inquiry into the country's 1983 bank shares scandal, Mr Japhet was banned for life from Israeli banking.

The former top banker, now living in New York, was allegedly given Shekels 6.6m (£3.1m) in severance pay. He subsequently received a further Shekels 500,000 in pension and other benefits before these payments were halted.

In its legal suit, Bank Leumi has also asked the court to determine an appropriate level of pension for its former chief executive.

Mahathir faces challenge for party leadership

BY WONG SULONG IN KUALA LUMPUR

TENGKU Razaleih Hamzah, a prince from the predominantly Moslem State of Kelantan, will announce tomorrow his challenge against Dr Mahathir Mohamad, the Malaysian Prime Minister, for leadership of the ruling United Malays National Organisation (Umno).

Razaleih, at present Trade and Industry Minister, has received 33 nominations for the post of Umno president among the party's 133 divisions, compared with 88 for Dr Mahathir.

His close aides say he will submit his acceptance at the party headquarters tomorrow and on Wednesday will launch a vigorous campaign to woo the 1,507 party delegates.

The Umno elections on April 24 are expected to be a watershed for Malaysia. At stake is not only the leadership of Malays, the politically dominant race in Malaysia, but also the future direction of this South-East Asian nation.

The challenge is the most serious confronting Dr Mahathir, 61, since he assumed the party and national leadership six years ago.

Taiwan reform faces delay

By Bob King in Taipei

THE ENDING, of Taiwan's 38-year-old martial law and the formalisation of major political reforms will have to wait until at least midsummer because of fierce debate within parliament over terms of proposed civil legislation that will fill gaps left by the former law's passing.

Some parliamentarians and government officials had earlier optimistically predicted that martial law would pass into history this month. But objections to the language of the proposed National Security Law by more progressive members of the ruling Nationalist Party and objections to the law by the newly former opposition Democratic Progressive Party – has ruled out early passage.

The Government has emphasised that the new law must be ratified before martial law is terminated. The security law's 10 articles cover such innocuous points as entry and exit regulations and provide for security of Taiwan's coastal area.

Its second article – the one that has stirred up controversy among ruling party MPs stresses that organisations and assemblies must support the constitution and must not advocate Communism or "the division of national territory" – the last a euphemism for separatism or Taiwan independence.

Parliamentarians spent much of the traditional time for questioning of government officials during March in squabbling over the proposed law. Early this month parliament received the Government's budget proposals and will not have time until the beginning of June to resume deliberations on the new bill.

But political analysts remain confident that a consensus will be reached before the normal summer recession in mid-July.

The Nationalist Party is under strong pressure to ensure that things are resolved by the recess of parliament because otherwise they could be seen as dragging their feet and thus could lose the goodwill gained internationally when the decision to end martial law was announced last October.

Manila talks with rebels broken off

By Richard Gourlay in Manila

THE GOVERNMENT and Moslems negotiating an end to a sporadic insurgency in the Southern Philippines yesterday suspended peace talks indefinitely, pending an investigation into a clash between troops and rebels earlier this week.

At least one Government soldier died and three others were injured outside Zamboanga on Mindanao Island, the military said. It is the first clash since President Corazon Aquino and Moslem rebels agreed a temporary ceasefire last September.

Moslem leaders have threatened to return to their 14-year armed struggle unless their demand for autonomy covering the whole of Mindanao and four other islands is met.

Tony Robinson reports on a plan to lift living standards of South Africa's black rural workers

Quiet revolution down on the farm

A QUIET revolution is taking place on the fruit farms and vineyards of the western Cape where generations of farm workers have lived in alcohol-induced squalor and poverty amid breathtaking scenery.

At stake is the future of an agro-business which last year employed 413,000 black and coloured workers and 38,600 whites and exported fresh and canned fruit and wine worth R878m ($292m).

The "revolution" is led by men such as Mr Jan Boland Coetzee, a 42-year old former Springbok rugby blue who farms 150 hectares of vineyards and cattle grazing in the lee of the jagged Heldenberg mountains, 20 kms from Stellenbosch, South Africa's wine capital and site of its most prestigious Afrikaans university.

Mr Coetzee is a member of the Rural Foundation, set-up four years ago with the aim of improving the quality of life of the 6m, mainly black and coloured workers, who live on South Africa's 60,000 farms. For many, perhaps most, life on the farm has traditionally been one of quasi-feudal paternalism, aggravated in recent years by mechanisation and long years of drought. Both have fuelled a large-scale drift from the land to squatter settlements and the overcrowded townships.

In the wine-growing areas of the Cape, where the tiny whitewashed cottages of farm labourers contrast with the shaded magnificence of Cape Dutch farm houses, the secular poverty "of farm communities has been re-inforced by the traditional dop system" – a regular supply of wine throughout the working day.

The ravages of alcohol through the generations can be seen in stunted growth and genetic aberrations and what Mr Coftzee calls the "poor man's culture" of passivity and ignorance.

Breaking that vicious circle of dependence and helping farm communities to help themselves is the task which he, and other like-minded farmers in the Rural Foundation, have set themselves.

Motivation comes from a mixture of Christian conscience and enlightened self-interest. Lurking in the background is awareness that the trade unions, in the shape of the Fruit and Vegetable Canning Workers Union, have already organised the fruit packing co-operatives, and are poised for the more difficult task of organising on the farms themselves.

Beyond that lies the growing danger of sanctions and consumer boycotts which have already closed the Scandinavian and North American markets that used to take about 15 per cent of South Africa's fruit exports.

> "For many, perhaps most (black rural workers), life on the farm has traditionally been one of quasi-feudal paternalism, aggravated in recent years by mechanisation and drought. Both have fuelled a large-scale drift from the land to squatter settlements."

There is no question about the disastrous effect which sanctions would have on the economy of the western Cape. The area has no mining or heavy industry to relieve its overwhelming dependence upon farming and tourism – the latter already affected by the sharp fall-off in overseas tourism to the "fairest cape."

Even without sanctions, competition is fierce, especially from Latin American producers like Chile, where labour costs – according to Mr Fred Meintjies of the Deciduous Fruit Board – are only one-third of South African levels. Wages in the Cape fruit industry have risen by 237 per cent over the last seven years, or 34 per cent annually, and is expected to rise a further 40 per cent annually over the next five years.

Faced with this kind of upward pressure the industry has responded by raising productivity and re-doubling efforts to raise the quality of its products, packaging and marketing to reinforce its reputation for the highest quality and reliability.

But, as Mr Coetzee points out, higher productivity is only possible from a trained and motivated work force, and that comes back to the quiet revolution which is transforming the face of the rural Cape.

The 16 families who farm the 150 hectares of Mr Coetzee's Vriesenhof farm live in three to four bedroom brick cottages with solar heating and neat gardens. Each house, in what looks like a whitewashed holiday village, costs up to R19,000. The village, nestling in a hollow beneath tall gum trees, also has its own creche and is regularly visited by the Government's mobile clinic service.

Better housing, health and education is only part of the new deal proposed by the Rural Foundation. Community Development Associations (CDA) group together upward of 20 farmers in any given district and provide expert advice on social development programmes. One of the side benefits is that formerly backward, isolated farm communities in the Cape now compete in regular sports activities while labourers wives are encouraged to take various self-improvement courses and earn extra money by setting up cottage industry at home.

"In the old days there was nothing to do on the farm but get drunk and beat the wife or the children. So I first started taking some of my labourers to rugger matches, Mr Coetzee said. Soon they wanted to take part themselves, and this year we had a farm sports programme, organised by the farm labourers themselves in which 9,000 took part," he explained.

From this humble beginning developed regular monthly farm meetings where the coming month's social programme is discussed.

The meetings are not always smooth, "two meetings ago I got mad and hit one of my chaps. It got really heated. Then I apologised and we compromised. It used to be part and parcel of my behaviour, that's how we were brought up. But now I control myself better," Mr Coetze confessed.

He also told of his neighbour who "used to think that his coloured workers were only good for Robben Island (the notorious island prison off Cape Town) but has now just appointed a coloured man as foreman – unthinkable only a few years ago."

At a time when reform seems paralysed at a political level in Pretoria it is developments like these at grass roots which reflect the way in which South African farmers, formerly the most conservative and bigotted, are changing.

Vriesenhof is in the middle of the Helderberg constituency where Dr Dennis Worrel, formerly the South African ambassador to Great Britain is challenging Mr Chris Heunis, the Minister for Constitutional Development.

Dr Worrel believes that many South Africans are prepared for faster change than the government in Pretoria is prepared to offer.

He has a supporter in Mr Coetzee and many people like him who used to be in the mainstream of Nationalist politics but who, through their own experiences, feel that "breaking the mould" of traditional social and work patterns not only make good economic sense but also political sense.

Array of problems for new HK Governor

By David Dodwell in Hong Kong

SIR DAVID Wilson was sworn in yesterday as Hong Kong's 27th Governor after a three-month hiatus caused by the sudden death in Peking or Sir Edward Youde.

Amid the pomp, there was an acute awareness of an array of difficult and divisive issues that require urgent attention if they are not to unsettle confidence in the territory.

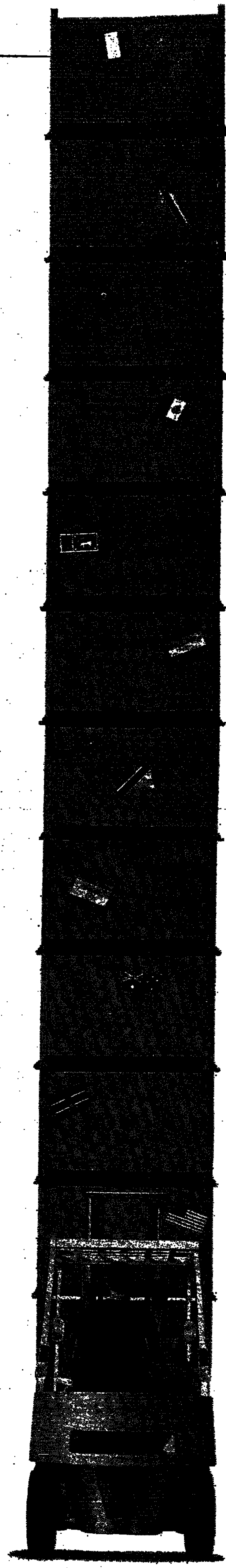
Most important is a green paper on political reform, due to be published next month, which seems certain to spark a long-simmering dispute over the pace and direction of political change.

Clashes between the territory's political leaders have become increasingly angry, as those calling for more representative government—in particular, direct election to the territory's foremost political bodies—have clashed with conservative business elements who agree with mainland Chinese officials that hasty political change will disturb confidence and stability.

Sir David alluded to these reforms in his swearing-in speech, saying they must be approached "calmly and with common sense." He went on: "If there is to be change, it should be prudent and gradual. It must not disrupt the steady progress we have been making.

Offering a check-list of priorities, he said the Government must continue to encourage initiative, provide sound administration backed by clear and enforceable legislation, invest in infrastructure, and keep the territory abreast of technological advance.

Sir David arrives to head a reshuffled administration struggling to defuse growing public suspicion following reform of local press laws



WORLD TRADE NEWS

Tokyo exchange to decide on new seats in November

BY CARLA RAPOPORT IN TOKYO AND HUGO DIXON IN LONDON

THE Tokyo Stock Exchange, under presure to admit more foreign members, said yesterday it would not make any decisions on increased membership until November.

Mr Michael Howard, UK Under-secretary of State for Corporate and Consumer Affairs, this week made an urgent appeal to the exchange to agree to a timetable to expand its membership by May or June and accept three UK members by the end of 1987. The TSE rejected the request, saying it could not physically accommodate new members until May 1988 when its new building would be complete.

The UK has threatened to revoke the licences of Japanese banks under the Financial Services Act if its demands are not met. The Ministry of Finance yesterday said: "It's a very serious issue, but the decision is up to the TSE."

Yesterday, the TSE said it would have a full membership meeting in November when it would decide how many new members it would admit in 1988 when its new premises were complete.

A TSE official said: "The UK does not have any priority. We will have to study applications from all foreign countries, including the US." It is believed the number of new seats would exceed three.

The TSE continues to insist that its May, 1988 date for increased membership is a concession to foreigners. Earlier, it had maintained that Autumn, 1988 was the earliest date.

"This is our great effort to compromise. from the end of next year to May of next year," said the TSE.

The TSE open the possibility of a face-saving compromise on the issue. It said there was a "possibility" that the new members could be formally admitted to the exchange by the end of this year, but prevented from operating on the TSE floor until May when computer terminal booths would be ready.

This compromise is not likely to appease the UK, at least for the moment. The UK has told Japan it does not care how the TSE manages it, but it wants three more seats — for Baring Brothers, J. Henry Schroder Wagg an dKleinwort Benson — by the end of the year. UK officials have suggested the extra seats could be obtained through mergers of current members or new computerisation.

Two of these concerns did not think Mr Takeuchi's comments were such a blow to their strategies. They were more worried that any decision to impose financial sanctions on Japan could backfire.

Mr Geoffrey Williams, a director of Schroder, said: "Before all this blew up, I do not think we would have expected an opening within 1987." He (Mr Howard) has not given any reason why he has set that particular timing.

"I was always brought up not to threaten the Japanese with big sticks," Mr Williams said. He was worried that the situation might degenerate into a "perpetual stand-off" which could delay Schroder's ambitions to become a member of the exchange.

Mr Robin Fox, vice chairman of Kleinwort Benson, said May 1988 was the earliest date he had been expecting anyway.

"If it was actually May and we knew it would be, that would not be too bad. But we would welcome it a little bit earlier."

Mr Fox said he thought it would be reasonable for the Bank of England to delay giving banking licences to Yamaichi and Nikko, two Japanese securities firms, until more British securities concerns had been admitted to the Tokyo exchane.

"But I don't believe in throwing people out of London," he said.

EEC probe chip dumping claim

BY QUENTIN PEEL IN BRUSSELS

THE European Commission yesterday caused further complications in US/Japanese agreement on semi-conductors by announcing an anti-dumping investigation into Japanese exports of Eprom (erasable programmable read only memories) chips.

The action is a response to complaints of dumping by the Japanese made by the European Electronic Component Manufacturers Association, in defence of the rapidly shrinking number of European micro-chip manufacturers.

The commission says there is enough evidence of dumping of Eprom chips to justify an inquiry, which could lead to the imposition of anti-dumping duties.

Between 1984 and 1986, Japanese manufacturers of Eproms ranging from 64K to 256K raised their exports from 9m to 29m units, increasing their share of the EEC market from 60 per cent to 78 per cent, it says.

'Abnormally low'

The association claims the price of Japanese exports has been so low as to "force Community producers to sell their output at abnormally low prices"—or 30 per cent below the level "which would have been reached under normal conditions of competition."

The anti-dumping investigation appears to conflict with the case taking place in the General Agreement on Tariffs and Trade Trade, in which the Commission claims the US-Japanese semiconductor pact intereferes with prices in third markets — and could actually raise them.

However, Commission officials say the latter case is in defence of EEC consumers of micro-chips, whereas the anti-dumping investigation is aimed at protecting chip manufacturers.

Double interest

Mr Willy De Clercq, the Commissioner responsible for external trade, said the EEC had a double interest in the trade: as a producer and as a consumer. It was maintaining its Gatt action on the principle of a bilateral trade agreement offending against international free-trade rules.

Canada to monitor steel shipments

By Bernard Simon in Toronto

CANADA is to monitor closely all steel imports and exports to thwart offshore producers who appear to be circumventing US import curbs by funnelling shipments through Canada.

The measures announced by Miss Pat Carney, International Trade Minister, are designed to avert action by Washington against Canadian steel producers following a surge in cross-border shipments.

Canada's share of the US steel market has risen from 3.7 per cent to more than 5 per cent since mid-1986.

The Canadian steel industry concedes that its sales to the US have increased but maintains that the bulk of the recent growth in exports is due to brokers and service centres channelling material from third countries through Canada.

Mr Dan Romanko, chief executive of the Canadian Steel Producers Association, whose 14 members account for more than 70 per cent of exports to the US, yesterday identified South Korea, Brazil, Argentina and the EEC among countries suspected of using Canada to circumvent voluntary restraint agreements with the US.

Canadian steel producers maintain that much of the growth in their shipments since last summer was due to the recently-ended strike at the big US steelmaker USX Corp. Mr Romanko said: "We are attempting to be careful and prudent about which orders we fill."

Canada has taken a number of steps in the past two years to retain its exemption from US import curbs. Country-of-origin markings have been introduced for some products imported to Canada, and import monitoring of carbon steel was begun last September.

Introducing the new monitoring measures in parliament, Miss Carney said: "We expect the US administration to do its job and resist pressure from the US steel industry and Congress to restrict fairly traded Canadian steel."

Peter Montagnon reports on a surprising study by Hawker Siddeley

A profitable mix of trade with aid

BRITISH exporters frequently complain that they risk losing major export contracts in the developing world because of the Government's lack of aggression in sweetening export credits with development aid.

While other countries, notably France and Japan, make an active point of exploiting such possibilities, Britain, under the free market principles of Mrs Thatcher, has been reluctant to go along. Mixing aid with trade not only distorts the market, it also tends to featherbed lame lucks who could not win international business on their own merits, the argument goes.

Yet until now industry has produced precious little analysis to support its alternative view, which is that the judicial use of aid not only helps the exporter itself, but also brings wider long-term benefits to the home economy as a whole. So it is not surprising that eyebrows have been raised in Whitehall by a new study carried out by Hawker Siddeley* which puts this point very forcibly indeed.

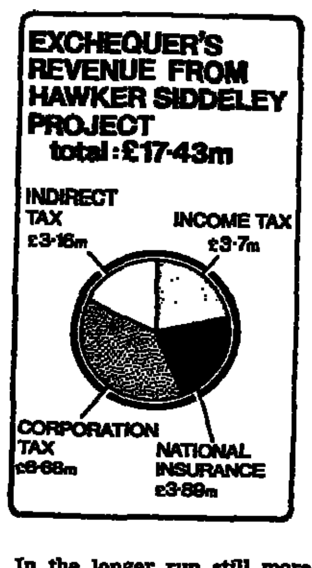
The study, carried out in conjunction with Loughborough University, is basically an analysis of a single contract won by Hawker Siddeley in Indonesia in 1985 for delivery of 23 diesel power generating sets and associated equipment to facilitate rural electricity generation. It claims that the Government stands to recover much more than its original £11.78m in aid.

Here a number of caveats are immediately in order. The study covers only one particular project and cannot lead to any general conclusions about the aid and trade programme. Moreover it is a project with a high UK value-added content. The manufacture and export of diesel engines obviously means more in terms of jobs within the UK than say, a construction project where most of the labour content is local and there is little or nothing in the way of follow-up servicing contracts.

Yet it is still worth more than passing examination, first because it is the only contract ever to be subjected to such detailed scrutiny, and second because it can in no way be described as one involving abuse of aid to subsidise an uneconomic supplier.

Hawker Siddeley says it won the tender on the basis of price alone. It had never before availed itself of the aid and trade provision and was forced to do so only to meet an Indonesian requirement that it submit a concessional financing offer.

The study looks at the job creation effects of the contract within the UK economy and then goes on to measure this in terms of cash return to the Exchequer in terms of income tax, corporation tax, national insurance and indirect taxes. In the short run the return exceeds the original aid outlay by almost £6m.



In the longer run still more fiscal revenue will be generated out of the employment effects of providing spare parts for the diesel engines over the next 20 years. This amounts to £18.5m at no extra cost to the Government whatsoever.

The total value of the contract amounted to £36.2m plus Rupiahs 15.2m (£570.750). Quite apart from the fact that without the aid provision Hawker Siddeley would have lost a contract for which it was in every other respect competitive, there was therefore a considerable benefit to the economy as a whole.

Hawker Siddeley calculates 952 man-years of employment were directly generated within the company and its suppliers as a result of the contract, with a regional impact concentrated on the north-west where the average unemployment rate was 16.3 per cent in 1985, and in the East Midands, a region particularly dependent on on manufacturing employment.

Moreover, the spillover effect of jobs created in the component industry, as well as the multiplier effect that comes into play as wages are spent in the economy, adds additional jobs, bringing total value of the contract in employment terms to 2,355 man-years.

Even working from the basic 952 man-years of employment created by the order, the gross cost to the Government works out at £12,370 per job. This compares remarkably well with published figures, indicating that a regional aid total policy package would have had a gross cost of £52,000 per job at 1985 prices.

The UK is therefore being over cautious in its reluctance to expand export aid, the study concludes. "It is a poor farmer who ignores the benefit of the harvest when he buys his seed."

* *The Indonesian Scattered Diesel Programme—an ATP supported project Loughborough University of Technology Department of Economics and Hawker Siddeley Power Engineering, Burton on the Wolds, Loughborough, Leics. LE12 5TT.*

Soviet exports to West fall

BY PATRICK COCKBURN IN MOSCOW

SOVIET trade with the west fell by a quarter last year as a result of the slump in oil prices but the final trade gap of 2.72bn roubles (£2.63bn) is smaller than expected.

The drop in exports to the west to 13.1bn roubles in 1986 compared with 18.6bn roubles the previous year was matched by a sharp cut in imports. These dropped to 15.8bn roubles from 19.2bn roubles over the same period.

Moscow prevented a greater fall in its exports, 60 per cent of which come from crude oil, by increasing the volume of oil sold abroad. It will also have benefited from oil prices rising to about $18 a barrell by the end of the year.

There has been little sign of Moscow wishing to keep imports at their previous level by borrowing from abroad.

Soviet industry will have been hit by a deterioration in the country's terms of trade because its commodity exports are largely denominated in dollars while its main imports come from West Germany, Finland and Japan.

The emphasis in Soviet trade policy in recent years has been to look to other socialist countries for as much of its machinery and equipment imports as possible. Senior Soviet officials have continually said they expect good quality machinery in return for low-priced Soviet oil and gas.

Brown Boveri Turkey bid

BY WILLIAM DULLFORCE IN GENEVA

BROWN BOVERI, the Swiss electrical engineering group, announced yesterday it had secured finance and is submitting a tender with an international consortium for a novel type of contract to build three 400 Mw coal-fired power plants in Turkey.

The project will cost about $3bn.

The contract incorporates a BOT, build, operate and transfer) arrangement under which the consortium will finance construction and run the plants during a 10-year loan redemption period.

Repayment will be realised by selling the electricity produced to TEK, the Turkish state electricity authority, during the 10 years after which the plants will become the property of the Turkish state.

Babcock and Wilcox, the US boiler-maker, and Philip Holzmann, the West German construction company, are partnering Brown Boveri in the tender for the power complex which will be built at Ambarli on the Sea of Marmara.

A banking group led by Swiss Bank Corporation and including Union Bank of Switzerland, Credit Suisse and Chase Investment Bank has agreed to raise more than SFr 700m (£284m) in finance for Brown Boveri.

ERG, the Swiss export credit agency, is expected to cover the larger part with more cover coming from other national agencies.

We are proud (sound drums and trumpets) to introduce the Compaq Portable III.

It is more powerful than an IBM AT, yet packs up small enough to stow away under an aircraft seat.

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Never has such a small computer been so powerful. Never has such a powerful computer been so small.

(Stirring stuff, eh? Stick around, there's more!)

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We made the Portable III to please people like you.

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But you were, as our designers put it, 'unwilling to sacrifice full functionality and performance in favour of portability.'

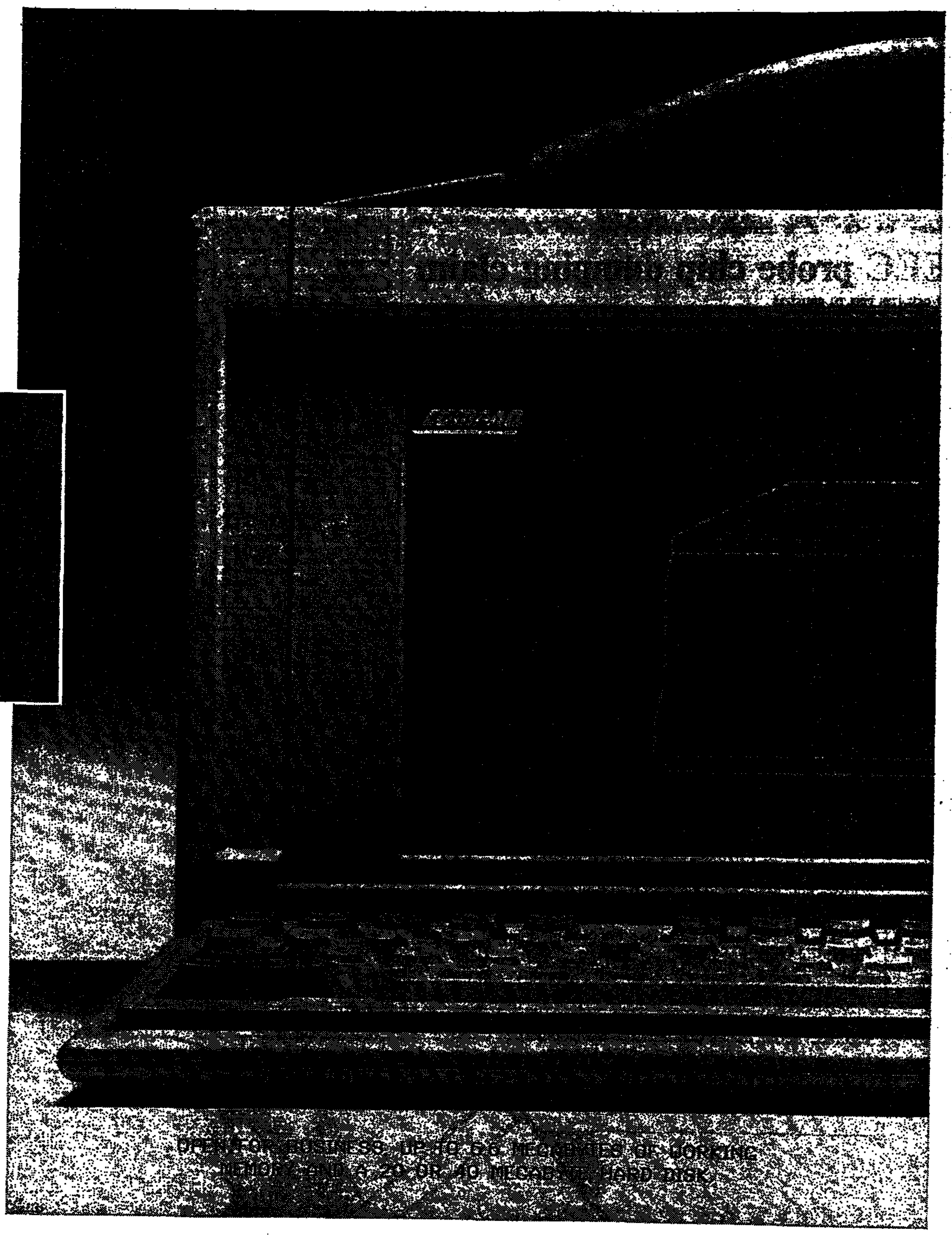
Such a way with words. What they mean is you're not in the market for a machine that won't do the job.

So they've made a tiny machine that measures only 9.8" x 16" x 7.8" and weighs in at about 18 pounds.

But has an 80286 chip running at 12Mhz, up to 6.6 megabytes of working memory, fixed disk storage of 20 or 40 megabytes, a full size keyboard and complete compatibility with industry hardware and software standards.

YIPPEE, NO BATTERIES.

The Portable III runs on mains power because:



OPEN FOR BUSINESS. UP TO 6.6 MEGABYTES OF WORKING MEMORY AND A 20 OR 40 MEGABYTE HARD DISK.

1) Batteries aren't up to powering an 80286 chip.

2) Fixed disk drives need a lot of juice.

3) You can't run a gas plasma screen off batteries.

The 80286 chip and fixed disks we don't need to argue about.

We insist on a gas plasma screen because it's bright, clear and sharp. It gives you a 640 x 400 line display for high resolution text and 640 x 240 (CGA compatible) for wonderful graphics.

And another thing. Because it's a traveller's micro, the Portable III has an Automatic Line Selecting Feature. Simply plug it in anywhere in the world that has 110v or 220v and it will automatically adapt to the voltage.

FIXED DISKS. THIS'LL SHOCK YOU.

Fixed disks need an awful lot

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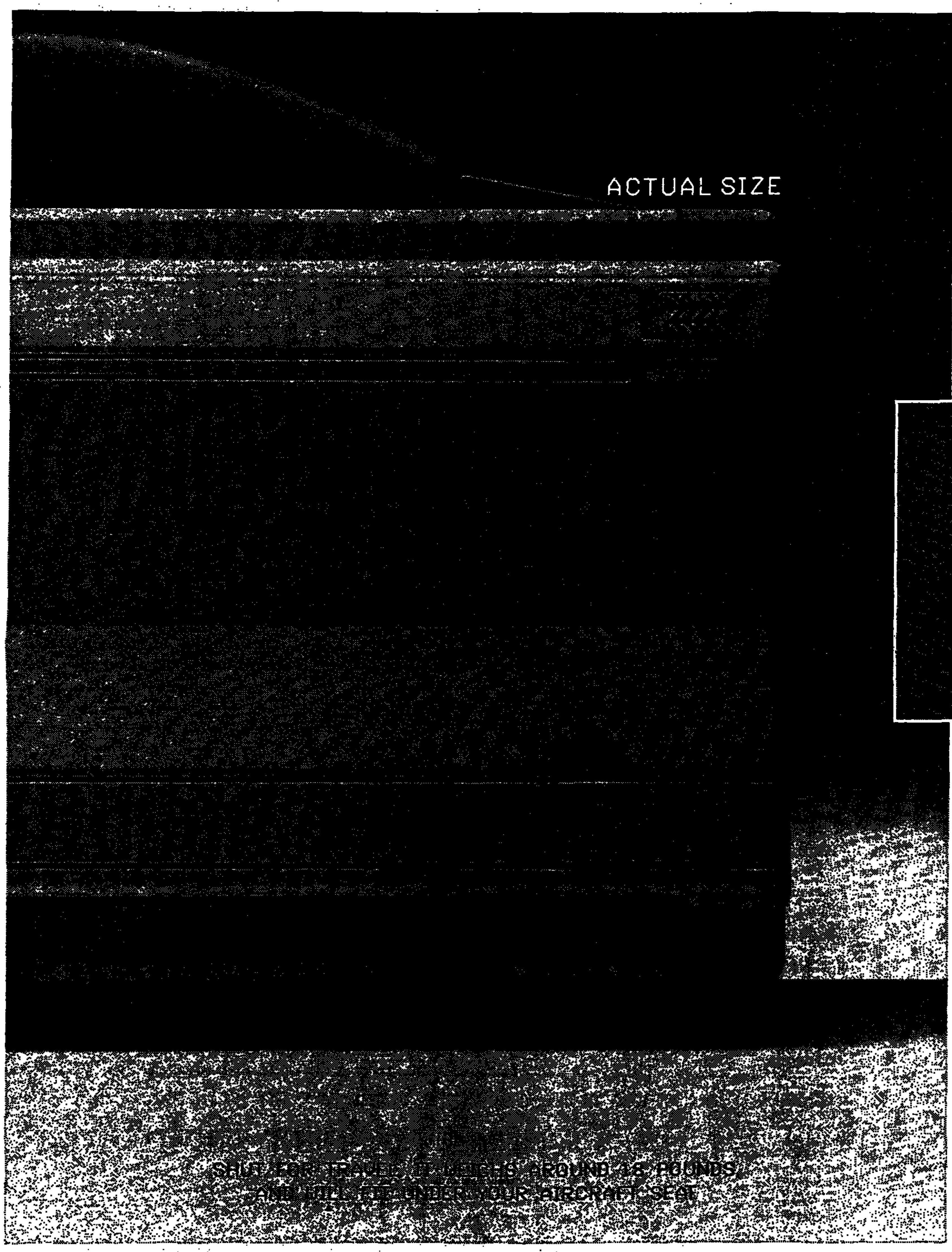
AN OPEN AND SHUT CASE.

of protection in order to survive in a portable machine.

Yet some people cram 10 megabyte disks into tiny lap-tops with no shock mounting to protect them. When those systems crash, they really CRA-A-A-A-A-ASH.

Light though it is, our



machine has a tough plastic chassis, metal drive cages and rubber shock mounts.

Like all Compaq Computers it is built to withstand the rigours of true portability.

You don't have to handle it with kid gloves.

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Ours are high performance disks with an average access time of less than thirty milliseconds.

That is very, very fast.

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With sausages like yours, you need a full sized keyboard and numeric pad.

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THE END OF THE ADVERT.

Okay, that's it.

This may seem like a strange and abrupt way to end an advert but for two things:

1) We've gone on long enough.

2) The idea is to leave you gasping for more information so you'll visit one of our dealers.

Nice talking to you.

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PORTABLE III

WE'LL NEVER CEASE TO AMAZE YOU.

IMF—WORLD BANK MEETING

Fall in oil price and in dollar weaken world economic growth prospects

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

ECONOMIC GROWTH in the leading industrial nations is expected to average only 2.4 per cent this year, while developing and heavily-indebted nations will also face a further slowdown in the pace of their expansion.

In a relatively gloomy assessment of economic prospects, the International Monetary Fund says in its latest Economic Outlook that on current trends the major imbalances in the world economy will be only gradually eroded over the next few years.

The report says that a number of uncertainties cloud the outlook.

The first is how quickly financial disequilibrium in the major economies—budget deficits and current account balances—can be reduced and whether US persistence will disrupt financial markets.

The second is the question-mark over the resilience of economic expansion, and the third centres on the problem of re-invigorating growth in the developing countries while resolving the debt issue.

The slowdown in economic growth is disappointing in relation to the optimistic assessments made only a year ago, the report says. It attributes tht weakening to the twin shocks of the fall in the oil price and the rapid depreciation of the value of the dollar.

The IMF says there are positive signs for the future as the lagged beneficial effects of the oil price fall begin to come through and economies adjust to the exchange rate changes.

It adds however: "Several considerations suggest that any strengthening of growth in the industrial countries is likely to be modest."

The financial policies now in place in the major economies are likely to be more restrictive over the next year than they were last, while demand in the US may be dampened by the sluggishness of investment spending.

The fund's forecasts point to a relatively weak performance in each of the major economies. In the US output is expected to rise by 2.3 per cent in 1987, compared with the 2.5 per cent growth recorded last year. In Japan, the pace of output expansion is likely to accelerate slightly to 2.7 per cent from 2.5 per cent, but that is more than offset by a projected fall in West Germany's growth rate to 1.9 per cent in 1987

The dollar's sharp devaluation is beginning to be reflected in the volume trade flows, although it will probably take three years to get a reasonably complete effect, the report says. The expected improvement will not be sufficient, however, to eliminate the large existing imbalances.

It forecasts that, in nominal terms, the US current account deficit will fall only slightly to $138.9bn this year and will remain at about $130bn in 1988. Japan's surplus will still be above $80bn both this year and next, while West Germany will record a surplus of about $35bn in 1987 and $29bn in 1988.

In an assessment of the medium-term prospects, the report says that unless there are significant policy changes, the imbalances will continue into the 1990s. That could result in further downward pressure on the dollar and a further weakening in output growth.

The IMF highlights the need for the US to take further action to reduce its Budget deficit, while in Japan and West Germany it says the priority should be to sustain output and demand growth.

It says, however, that the current account imbalance between the US and Japan is a more intractable problem than that between West Germany and the US. The medium-term projections indicate that the West German surplus will fall substantially by 1991 while in Japan it will narrow by only a "moderate amount."

The IMF's projections do point to some rebound in output growth in the leading industrial countries to 2.9 per cent in 1988, but suggests that little further improvement can be expected after that.

Developing and highly-indebted countries, meanwhile, will face a further worsening of their relative economic position.

The fall in the oil price and the weakness of other commodities markets resulted in a terms of trade loss for developing countries amounting to about $100bn in 1986, while this year they will be hit by the slowing of domestic demand in industrial nations.

This is being accompanied by what the IMF says is a "virtual cessation of private international lending" to developing and highly-indebted nations.

The report concludes that these trends raise "serious questions about the ability of many developing countries to improve their growth performance over the next five years and to lay the basis for more rapid and sustained rates of growth for the remainder of the century."

BRITAIN'S economic growth rate will outperform that of the other main industrial nations this year, according to the International Monetary Fund's latest forecasts. It will however, face a substantial widening of its current account deficit.

The IMF's Economic Outlook predicts Britain's economy expanding by 3 per cent in 1987 compared with the 2.4 per cent average among Group of Seven countries. In 1988, however, the pace of growth is expected to slow to 2.3 per cent, while in the other main economies it is forecast to accelerate to 2.9 per cent.

The outlook projects a current account deficit of $4.9bn in 1987 against the $1.6bn shortfall estimated for last year. For 1988, the IMF forecasts a deficit of $5.8bn.

IMF economists also expect a gradual deterioration of Britain's inflation performance, with the annual rate of price increases forecast at 4.6 per cent in 1987 and 5 per cent next year.

This compares with the projections of an average inflation rate for the Seven main economies of 2.7 per cent this year and 3.2 per cent in 1988.

In spite of the £3bn reduction in public sector borrowing requirement announced in last month's Budget, the IMF suggests the Government's fiscal policy will continue to be mildly stimulatory in its economic impact in 1987. In 1988, however, it is projected to be neutral or slightly contractionary.

INDICATORS OF ECONOMIC PERFORMANCE

Real GNP/GDP	Actual 1985	1986	1987	Projected 1988
	Annual growth rates, in percent			
Canada	4.0	3.1	2.0	3.0
US	2.7	2.5	2.3	3.1
Japan	4.7	2.5	2.7	3.3
France	1.4	2.2	1.8	2.1
West Germany	2.5	2.4	1.9	2.0
Italy	2.3	2.8	2.9	2.1
UK	3.4	2.5	3.0	2.3
Total	3.0	2.5	2.4	2.9
GNP/GDP DEFLATOR				
Canada	3.4	2.8	3.5	3.2
US	3.3	2.6	2.8	3.4
Japan	1.4	1.8	1.1	2.6
France	5.8	5.3	3.0	2.6
West Germany	2.2	3.3	2.5	2.6
Italy	8.8	9.1	5.7	5.2
UK	6.1	3.6	4.6	5.0
Total	3.6	3.1	2.7	3.3
CURRENT ACCOUNT BALANCE				
	Percent of GDP/GNP			
Canada	−0.1	−1.7	−2.2	−2.3
US	−2.9	−3.3	−3.1	−2.7
Japan	3.7	4.4	3.7	3.4
France	—	0.5	0.4	0.2
West Germany	2.1	4.0	3.1	2.4
Italy	−1.2	0.9	0.6	0.2
UK	0.8	−0.3	−0.8	−0.9
Total	−0.7	−0.2	−0.3	−0.3

Brazil seeks extension to debt from US banks

BY ALEXANDER NICOLL

MR FRANCISCO GROS, Brazil's central bank governor, today resumes discussions in New York with the country's leading bank creditors, with little sign that the confrontation between them has eased since he met them in Miami last last month. He is expected to seek an extension of $9.6bn of debt which matures next week.

The advisory committee of US banks, chaired by Citibank, is again likely to press for Brazil to produce economic measures to help restore their confidence, following February's unilateral suspension of interest payments on $68bn of medium- and long-term debt.

Though detailed negotiations on a long-term package are unlikely to begin for some time, banks are expected to continue to press today for a token interest payment as sign of Brazil's good faith.

US banks have been shoring up their positions ready to take a tough line with Brazil by putting their Brazilian exposure in non-accural status, meaning interest payments are only taken into account when they are received.

Senior bankers warn that unless there is some progress at today's meeting, the advisory

Dilson Funaro: failed to impress

committee could find it difficult to discourage fellow banks from taking action on the $15bn short-term interbank and trade credit lines which Brazil has effectively frozen.

In talks at the Inter-American Development Bank annual meeting in Miami, Mr Gros requested a 60-day informal standstill, under which banks would maintain short-term lines. Their commitment to do so technically expired on March 31. The bank advisory committee, however, did not endorse the request

Since March 31, banks have been rolling over the credit lines, but often for shorter periods than were previously the custom.

But in practice banks have little option but to maintain the lines, which are extended to the foreign branches of Brazilian banks, because of Brazil's February measures which changed the rollover procedures in effect froze them.

Mr Gros is expected to ask today for an extension of the $9.6bn debt which matures on April 15. The advisory committee will have to decide whether the support the request.

In the absence of economic measures, bankers are unimpressed by a financing programme which has been outlined by Mr Dilson Funaro, the finance minister, calling for funding of $4bn a year between 1987 and 1991. Mr Funaro, who has led Brazil's crusade against the International Monetary Fund, says Brazil will not adopt an economic programme subject to outside monitoring.

Group of Seven to upgrade role of Italy, Canada

By Stewart Fleming in Washington

THE MAJOR industrial countries have agreed to strengthen the role of Italy and Canada in their discussions of international financial developments.

This follows pressure from Italy which walked out of the meeting in Paris in February where agreement was reached on steps to try to stabilise the leading currencies.

Mr Giovanni Goria, the Italian Finance Minister, announced yesterday that in future there would be three meetings of the so-called Group of Seven (G7) industrial countries a year. At least two of them will be attended not only by the finance ministers but also by central bank heads. In addition a group of G7 deputies would be set up to prepare for the finance ministers' sessions.

In Paris a diplomatic storm erupted when Italy walked out of a meeting of the G7 in protest against what it saw as a decision of the Group of Five (G5) industrial countries, which had met the previous day, to present the G7 with a "fait accompli" for them simply to endorse.

Evidently Italy and Canada are hoping that it will now be more difficult for the G5 to meet in secret.

Stewart Fleming profiles the incoming MD Michael Camdessus

New chief who loves new ideas

THOSE WHO know Mr Michael Camdessus and his predecessor as the managing director of the International Monetary Fund, Mr Jacques de Larosiere, are in no doubt about one thing: two more different individuals are hard to imagine.

Mr de Larosiere, who quit at the beginning of the year after carrying out a key role for the IMF in the handling of the third world debt crisis, was a martinet. An austere and distant man, in public he hid his personal warmth and drove himself and his staff to the limits of their strength as he and Mr Paul Volcker, the Federal Reserve Board chairman, battled to prevent the third world debt crisis from crippling the world's financial system.

It may be argued that this was the only way to contain the threat in the heat of the crisis after it broke in 1982. Bankers had to be whipped into line, countries compelled to accept the IMF's economic austerity programmes in return for the funds they desperately needed.

While Mr de Larosiere believed that that austerity and economic adjustment was inevitable and was an essential pre-condition for the resumption of healthy economic growth, his style helped to lend credibility to the charges that the IMF's prescriptions were as unsuitable as the institution was insensitive to the political and social problems of the debtor nations.

Mr Camdessus, 53, who makes his debut this week before a gathering of the world's finance ministers and central bankers at the interim and development committee meetings of the IMF and World Bank in Washington, will present an altogether different image to his peers.

Ask officials who have dealth with him in his previous role in the debt crisis as chairman of the Paris Club, which renegotiates official debts to developing countries, how they would describe him and the words they use are "sincere," "charming," "thoughtful," "creative" and "flexible."

It is hard not to suspect that somewhere in the litany "scheming" also ought to be inserted. Mr Camdessus has risen so swiftly up the ranks of the French Government bureaucracy—to head of the finance ministry in 1982 to governor of the Bank of France in 1984 and now to the leadership of the pre-eminent international financial institution, the IMF, that the conventional explanations of his rise, competence and good luck, seem implausible.

His personal warmth and charm however make it difficult to believe that Mr Camdessus

Michel Camdessus: not just warmth and charm

has anything other than the interests of his interlocutors at heart when he meets them face to face. That, no doubt, helps to explain why he was such a skilled conciliator between developed and developing nations at the Paris Club between 1978 and 1984.

It is these qualities and his willingness to consider new ways to tackle old problems, which, it is argued, will serve him and the IMF well in the difficult years ahead.

Mr Camdessus also believes in economic adjustment as an essential element in the restoration of third world growth. He could not have taken, and would not have been offered, the job if he believed that the current "case by case" approach to the debt crisis which the industrial world insists upon was mistaken. Nor if he had serious doubts about the importance of tackling the debt crisis in ways which did not undermine the role of financial markets.

It is equally certain that a man who enjoys exploring new ideas must relish the prospect of taking over the IMF when the nations who control it are encouraging the institution to rethink its role and methods. They are facing up to the reality that the debt problem will take far longer to resolve than they imagined a year or two ago.

A top priority of the new managing director is to try to use the IMF to add momentum to the efforts the industrial countries are making to improve economic policy co-operation. He can hope that they do indeed recognise that their salvation lies in such co-operation, although the evidence to back-up that hope is flimsy.

AMERICAN NEWS

Call for Sarney to reshuffle Brazil Cabinet

BY IVO DAWNAY IN RIO DE JANEIRO

BRAZIL'S three most powerful state governors have called on President Jose Sarney to launch an immediate reshuffle of his ministers and introduce a clear economic strategy, embracing specific targets for the short and medium-term.

The explicit public criticism of Mr Sarney's leadership came in Sao Paulo after a meeting between Mr Orestes Quercia, the state's governor, Governor Moreira Franco of Rio de Janeiro and Governor Newton Cardoso of Minas Gerais—leaders of the three most populous and economicly powerful states in Brazil.

It was also attended by another senior member of the ruling Democratic Movement Party (PMDB), Governor Marcelo Miranda of Mato Grosso do Sul.

Together, the governors control a formidable number of deputies and senators in Congress and their unanimity, in spite of personal rivalries, serves to underline the frustration with what is widely considered to be continued inaction by the Sarney Administration.

The governors' intervention may also be interpreted by Brazil's creditor banks as confirmation of their view that insufficient steps have been taken by the government to tackle the country's internal economic problems.

Today, Mr Francisco Gros, the central bank president, resumes talks with the 14-member advisory committee of creditor banks on rescheduling of the country's $104bn foreign debt. Though he is expected to underline measures already taken by Brazil to reorder its inflation-wracked economy, the governors' statements clearly weaken his case.

In a press conference after their meeting, the four governors were unusually outspoken in their criticisms of the government. In particular, they made clear they were not satisfied with the presentation on economic strategy made to the PMDB last week by Mr Dilson Funaro, the finance minister.

"He brought nothing new," Governor Quercia said. Claiming that he had the support of four other governors, Mr Quercia added: "They were all unanimous on the question of the urgent necessity that the President takes charge and addresses the demands of Brazilian citizens, who want to know where the country is going."

While refusing to call for any specific sackings, the governors made clear that the most urgent area for ministerial changes lay among those with responsibility for the economy. Mr Moreira Franco also called for the presidency of the central bank to be given full autonomy, rather than be subject to direction from the finance minstry.

Political analysts in Brazil are attributing part of the apparent paralysis in government to continuing uncertainty over Mr Sarney's term of office. The length of his mandate is still to be defined by the constitutional assembly and opinions vary as to whether the term should be four, five or six years.

Many argue that it is the president's efforts to find inoffensive compromises acceptable to all shades of political opinion that has prevented tough decisions from being taken.

● One man was killed and more than 40 hurt in Rio de Janeiro late on Wednesday after five hours of rioting near the central railway station. The incidents took place when railway police and shock troops fired on a crowd protesting at delays and cancellations of trains due to a railway guards' strike.

Mexico breaks phone strike

By David Gardner in Mexico City

THE Mexican Government has broken a strike by workers at Telefonos de Mexico (Telmex), the state telephone utility, by taking over the running of the company two hours before the stoppage was due to begin.

The move repeats the tactics used last month on the traditionally vanguard electricians' union. It was also employed on the telephonists themselves the last time they attempted to strike in 1984.

When the electricians persisted with their action, the government took extraordinary legal measures against them, getting a court to declare their strike "non-existent," making union members liable to dismissal.

The authorities are having an easier time with the telephonists, led by Mr Francisco Hernandez Juarez, whose tactics have undoubtedly helped the government to isolate first the electricians and then his own union, whose members yesterday appeared to be returnig to work.

Mr Hernandez holds the rotating leadership of the Congreso del Trabajo (CT), the 33-union umbrella organisation dominated by the regime-led CTM. Under CTM pressure, he three times held off from generalised strike action in the public sector, in pursuit of a wage increase of 23 per cent.

This was the quarterly rise decreed by the government in January for minimum wages. In the past four years of crisis—during which real purchasing power of unionised workers has fallen 45 per cent—these increases have occasionally been awarded to unions with yearly bargaining arrangements, usually to head off strike action.

Mr Hernandez appears to have been persuaded by the CTM that this would happen again, and left the electricians to go ahead on their own.

Compromise sought to cut US budget deficit by $37bn

BY LIONEL BARBER IN WASHINGTON

The House of Representatives yesterday renewed its debate on the federal budget for next year, seeking a compromise on how to cut the bulging deficit by about $37bn.

The Democrats, holding a clear majority in the lower chamber, have put forward a plan which strikes a balance between modest tax increases and curbs on defence and domestic spending, which should bring the deficit down to about $133bn, well above the Gramm Rudman Hollings mandatory target of $100bn.

The proposal is a compromise between the Liberal and Conservative wings of the party, and reflects deep divisions over spending priorities. These were highlighted this week in the US Senate where the Democrat majority is also working on alternative budget proposals.

Senator Lawton Chiles, democrat chairman of the Senate budget committee, was forced to submit four different budget resolutions for fiscal 1988, which starts on October 1 this year.

Both the House and the Senate are trying to construct alternative budget proposals to the $1,000bn budget submitted by President Reagan to Congress last January. Under Gramm Rudman Congress is mandated to reduce the budget deficit from the current $171bn to $108bn in fiscal 1988.

President Reagan's budget claims to achieve this target without introducing additional taxes, thanks to asset sales and some highly optimistic economic and technical assumptions. The Democrats have squealed "foul," but have been forced to show they can come up with their own version.

The House proposals include an $18bn tax increase and small cuts in defence and domestic spending via the removal of the customary inflation allowance. The house budget committee only hits $108bn by using the White House's own assumptions which are far more optimistic than those of Congressional analysts.

The House spending proposal also plans $3.85bn in user fees and other revenues. About $8.75bn would be cut from the military budget (which would be $2bn above the 1987 level but would fall $15.9bn short of the amount requested by President Reagan.

Projected non military spending would be reduced by $8.75bn.

Under the Gramm Rudman law, Congress is supposed to approve a budget plan by April 15.

The Senate budget committee proposal favoured by Senator Chiles envages $11.8bn in tax increases and $17.2bn in spending cuts, reducing the overall deficit by $37bn.

Robert Graham reports on a war in which the Sandinistas are just holding their own

Time for the Contras to show their hand

THROUGHOUT the Nicaraguan countryside peasant farmers have begun to burn maize stalks and the tropical undergrowth bleached pale by four months of merciless sun.

This is the last stage of the dry season. The US-backed Contra rebels have only until early June to benefit from the slack rivers, easy ground movement and clear night skies to demonstrate their strength against the Sandinista Government.

Yet so far the Contras' much-heralded dry season offensive has been rather a phoney war.

"We believe they (the Contras) have no more than 6,000 men inside Nicaragua," says Commander Tomas Borge, the Interior Minister.

In Honduras, where the Contras maintain their main operational base, a spokesman for the rebels claims their camps inside Honduran territory have been almost cleared of active fighters. "We've got 12,000 men inside Nicaragua and morale is high," he says. However, even some US intelligence estimates believe the figure is exaggerated and a neutral estimate would be about 9,000, with over 80 per cent drawn from the Nicaraguan Democratic Front (FDN) controlled by former members of Somoza's National Guard.

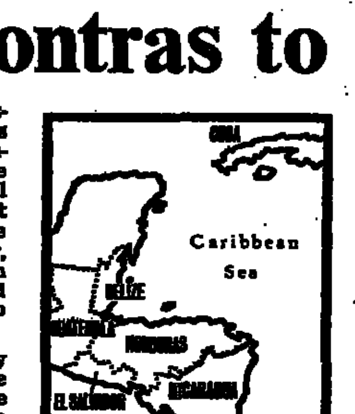
The Contras are under pressure to produce quick results for the US Congress to demonstrate they are a credible force after their damaging internal political differences of the past months. But quick results are not easy in a guerrilla war, especially when the Nicaraguan armed forces have hammered them hard during the last two dry seasons.

Senior Sandista officials fully admit the economic damage caused by the war. Over the past seven years it has cost the economy $1.1bn directly; but a relatively small proportion of this can be attributed to Contra-inflicted damage through sabotage.

Most of the damage has been caused by the US trade and financial embargo and the disruptive effects of a country permanently mobilised on a war footing.

Futhermore, Sandinista officials are sceptical of the Contras' level of support inside the country, despite the great discontent over shortages and hyper-inflation.

Indeed, the American build-up of a capability in Honduras to mount a direct invasion of Nicaragua is seen as an explicit admission of the Contras' inability to unseat the Sandinistas. "The US military circle



round Nicaragua is virtually complete and now they (the US) are planning their biggest-ever exercises in the region," warns Commander Borge, echoing the constant refrain in Managua that a US intervention is inevitable.

The rebels have so far been operating within Nicaragua's mountainous rural areas and the remote forested Caribbean coast. Details of fighting are sporadic and hard to verify independently.

One recent incident in the wild south-eastern mountains round Nueva Guinea threw some light on the nature of the war.

A group of 15-20 Contras ambushed forestry workers travelling in a pick-up van in the early morning, killing eight of the 10 occupants. According to the two survivors it was a hit and run operation, with the Contras using grenades and automatic weapons.

The forestry workers, who travel into the mountains for up to 15 days in search of valuable teak and mahogany, were armed and dressed in army fatigues. The workers were employed by Efocfasa, a state-owned lumber company, which since October 1984 had seen 23 of its workers killed and 11 injured until this incident. It is a prime target as it is responsible for one of the most valuable economic activities in the region.

Thanks to the provision of some 50 Soviet troop-carrying helicopters and helicopter gunships, the Sandinistas have a high degree of mobility. The Sandinista army, through conscription and reserve, can call up numbers over 60,000; but most reliance is placed upon small special force units who operate mostly at night. The latter make a point of going out to make contact with the enemy.

The Sandinistas' willingness to go out on search and destroy missions has led to a high casualty rate on both sides. President Daniel Ortega revealed recently that in 1986 the Contras suffered 4,532 deaths while Nicaraguan civilian and military casualties (deaths and injuries) totalled 6,565.

In the period March 5 to April 5 the Nicaraguan Defence Ministry reported 425 Contras killed against 116 Sandinista troops. Independent observers believe these Contra casualty figures are on the high side. Nevertheless, the Nicaraguans are reliably understood to be achieving a kill ratio of at least one for one—an attrition rate which no guerilla group can sustain indefinitely.

Nevertheless the Contras and their US backers insist the present dry season is going according to plan: the men have been infiltrated and the US-directed aerial resupply operation is working. The expected scenario now is that the real offensive will come in May and June — coinciding with major US exercises in Honduras and geared to lay down publicity markers for the forthcoming debate in Congress on the Administration's demand for $105m to continue the struggle.

UK NEWS

Britain in Brussels talks on Japanese trade action

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

BRITISH GOVERNMENT officials will today hold talks in Brussels aimed at co-ordinating European action against the Japanese.

Mrs Thatcher, the Prime Minister, told the House of Commons yesterday that Britain was prepared to use reciprocal powers to limit the activities of Japanese financial institutions in London, but that other unilateral action could result in the Government being taken to the European Court.

She also said that individual action would probably fail because the Japanese would import goods via other EEC countries which traded freely with Britain.

Mrs Thatcher said she believed there was growing support within the EEC for co-ordinated action, but made clear her frustration that nations such as West Germany, the Netherlands and Denmark had traditionally resisted attempts to unite on trade matters.

The Brussels meeting will discuss more effective protection against the dumping of Japanese components and agreement on possibly dismantling collective EEC tariff agreements, enabling individual countries to act independently on tariff structures.

But despite mounting pressure for early action, it was made clear last night that, on the EEC front, any decisions could take months. A senior minister said that the visit to Tokyo earlier this week by Mr Michael Howard, Minister for Corporate and Consumer Affairs, which had been primarily concerned with opening up financial services markets, had been given greater significance than was justified. He added: "Any wider measures must be comprehensively adopted to be effective".

The issue was discussed at yesterday's cabinet meeting and a Commons statement on Mr Howard's visit, and more general progress is expected after next week's Easter recess. A full-scale Commons debate also seems likely when MPs return.

Mr Neil Kinnock, the Labour leader, said last night that Mr Howard had been sent to Japan like "a messenger boy to make idle gestures". He added: "The government has made a classical tactical error in talking about timetables and alluding to powers under the Financial Services Act, the effect of which will be to induce Japanese interests to go elsewhere to trade".

A US delegation is to visit the Confederation of British Industry (CBI) next Monday for talks with Mr John Banham, its Director-General over the Japanese trade issue.

The meeting will take place against the backdrop of threatened US trade sanctions against Japan in the electronics field, as well as threats from the UK that it will retaliate if Cable and Wireless is unable to obtain a significant stake in Japan's telecommunications market.

Computer leasing groups merge

BY RICHARD TOMKINS

THE STOCK market's dwindling band of computer leasing companies lost another of its members yesterday when Comcap succumbed to a merger with Atlantic Computers for £138m.

The deal will produce Europe's largest independent IBM computer services company, and values the combined group at about £475m.

Atlantic's move follows only days after United Leasing surrendered to an agreed bid from Inspectorate, the Swiss leasing group, for £50m. In November Dataserv was taken over by BellSouth of the US for £68m.

The unexpected announcement accompanied Atlantic's figures for the year to December 1986. Atlantic said it had decided to change its accounting procedures and to adopt a more conservative approach to declaring its pre-tax profits.

The company reported pre-tax profits of £21.6m compared with a restated £14.9m last time, on turnover up from £183.1m to £320.1m. A final dividend of 3.5p per share is proposed, making 4.62p for the year (against 2.31p).

Atlantic had long suffered City of London criticism over its method of setting off the estimated second-hand value of leased equipment in its profit and loss account against the cost of sales. From now on, it says it will include only these values when they are actually realised in cash.

Until 1985 there were five computer leasing companies quoted on the London stock market. There have been doubts about accounting methods, and all the companies have been dogged in varying degrees by poor share price ratings.

Men and Matters, Page 24

Government pay dispute begins to bite

By David Brindle

THE CIVIL SERVICE pay dispute began to bite at government revenue yesterday when strike action spread to computer workers responsible for Customs and Excise transactions worth £1.5bn a month.

Leaders of the 100 workers at the VAT computer centre at Southend, south-east England, said delay in collection of the revenue would cost the Treasury £300,000 a day in interest. Customs and Excise could not comment on the claim.

The action at Southend came as the Civil and Public Services Association (CPSA) and the Society of Civil and Public Servants (SCPS) called out all their members in north-west England and in Wales on a two-day strike which continues today.

The Department of Health and Social Security (DHSS) reported that all but four of its 106 offices in the two regions were closed to the public. It said 10,772 workers, representing more than 70 per cent of all staff in the regions, were on strike.

The Employment department said that 122 of its 178 offices in the north-west and Wales were closed. It estimated that 3,000 staff – more than half the total – were on strike.

The extent of the disruption, which is due to hit other regions in turn over the next five weeks, is likely to concern ministers who have been sceptical of the unions' ability to deliver action over pay offers averaging 4.6 per cent.

The strike at Southend, scheduled to last initially for a week, critically affects the work of the duty deferment unit which handles payments by big importers.

Although computer managers may attempt to process the run by alternative means, union leaders say they have contingency plans to thwart this.

BRITAIN PULLS OUT OF EUROPEAN HELICOPTER PROJECT

Westland awarded £300m orders

BY DAVID BUCHAN AND MICHAEL DONNE

WESTLAND, the troubled helicopter company, is to receive Government orders worth more than £300m. However, in order to partly finance the deal, the Government said yesterday, it was pulling out of the NH 90 European helicopter project.

The company is Britain's only helicopter maker. It said the order for 25 utility or transport versions of the new EH-101 multi-role helicopter, which Westland is building in conjunction with Agusta of Italy, and for 16 more models of the existing Lynx helicopter, would stave off large-scale redundancies at its Somerset factories in the west of England.

About one third of the 7,000 jobs in the company's helicopter making and support divisions might have to go, it said.

Mr George Younger, Defence Secretary, told the House of Commons yesterday the orders he was announcing "will sustain a British helicopter industry capable of meeting the demanding requirements of the services into the 1990s and beyond."

If added to a planned purchase of 50 naval versions of the Anglo-Italian EH-101, UK government helicopter orders would total more than £1bn over the next decade, he said.

Mr Younger denied Opposition suggestions that the decision to pull out of the five-nation European NH 90 project stemmed from the acquisition a year ago by Sikorsky, the big US helicopter company, of a stake in Westland. Mr Michael Heseltine, who resigned as Defence Secretary in the row over Westland's capital restructuring, had alleged at the time that a Sikorsky tie-up would hinder Westland in European collaboration.

However, Mr Younger said that the UK no longer had a requirement for the relatively small NH 90. It did not have the money to stay in that programme with France, Italy, Germany and the Netherlands, and at the same time make "early purchases" of other helicopters.

Mr Younger said the British army in West Germany had decided that it wanted to ferry troops in platoon size of some 30 men. That eliminated the option of NH 90 helicopters, leaving a choice between buying more US-made Chinooks or buying a utility version of the EH-101.

Mr Denzil Davies, Labours defence spokesman, complained that "at least 2,000 direct jobs at Westland will be lost, plus indirect jobs, and one factory is likely to close almost in its entirety."

In placing new orders, Mr Younger said he was concerned to help cover the period until work on the naval version of the EH-101 built up at Westland in the early 1990s.

The Treasury decision to make special funds available to the MoD to buy the Lynx helicopters reflects acute government sensitivity to another political-industrial row concerning Westland in the run-up to a general election.

Redundancy cloud hangs over 2,000 jobs

BY OUR AEROSPACE CORRESPONDENT

INDICATIONS ARE that yesterday's £300m package of procurement decisions will not be sufficient to stave off redundancies at Westland, amounting to about one-third of the current work-force.

The package announced by Mr George Younger, Defence Secretary, includes an order for up to 25 of the utility transport version of the new Anglo-Italian EH-101 multi-role helicopter, in conjunction with Agusta, thereby advancing its full-scale development. Originally, the first EH-101s would have gone to the Royal Navy in the early 1990s.

In addition, the Ministry of Defence (MoD) is ordering another 16 of the existing multi-role Lynx helicopters for the support of air-mobile operations in the armed forces.

The UK is also pulling out of the projected European collaborative venture for a Nato helicopter for the 1990s, the NH-90, because it would be too small, and later than, the EH-101. There was no money for its development in the UK defence budget.

The decisions follow an extensive review of UK military helicopter requirements, which Westland has been eagerly awaiting in view of its impact upon its future operations.

Collectively, these decisions will be worth about £300m to Westland, spread over the next two years, and will go some way to alleviating the impact of redundancies in the helicopter manufacturing division of the company, which currently employs about 7,000 workers.

Mr Younger claimed in the House of Commons yesterday that his proposals would "sustain a British helicopter industry capable of meeting the demanding requirements of the services into the 1990s and beyond."

But many MPs, including those locally in the south-west England town of Yeovil, where Westland is based, feel strongly that the decisions, after so many months of study of future UK military helicopter requirements, are inadequate and have come too late to have any significant impact on the situation. They feel that the results of the ministry's study could have been produced more quickly, and could have been more helpful to Westland.

It is pointed out that it will take some time to implement the decision to bring forward the order for 25 EH-101s in the utility variant, although the first EH-101 prototype has been rolled out and will fly soon.

Only the Lynx order is likely to have an immediate effect, since that production line is already functioning, and the new orders can be slotted in conveniently, depending on how soon the MoD implements the minister's decision.

Thus, it seems likely that over the next few months, about 2,000 workers may have to go, to ensure that the company can survive this difficult period of order starvation, in spite of the MoD package.

In a small town like Yeovil, where Westland is the biggest single employer, the impact of any redundancies, will be severe.

The Government's view is that these orders will eventually ensure the survival of Westland as a UK helicopter manufacturer.

Westland's problems have been exaggerated by several factors. There has been a marked reduction in helicopter procurement for military uses, because of pressures on defence budgets, generated in turn by rising costs of aircraft procurement and government desires to reduce public spending.

UK NEWS

Half of Guinness fee paid in tax, says counsel

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR THOMAS WARD, the US lawyer who has refused to resign as a director of Guinness, the international drinks group, has paid more than half the £5.2m consultancy fee that Guinness is trying to recover from him in US taxes, the High Court in London was told yesterday.

His counsel, Mr Peter Curry, QC, said that about 57.5 per cent of the money had gone to the Internal Revenue Service: $4.062m in federal taxes and $653,000 in Maryland state taxes.

In evidence read to the court yesterday, Mr Ward sprang to the defence of Mr Ernest Saunders, the deposed chairman and chief executive of Guinness, who is his co-defendant in Guinness's UK court action to try to recover the £5.2m.

He described as "scurrilous and insupportable" Guinness's allegation that Mr Saunders had benefited from the £5.2m, of which £3.029m passed through a Swiss bank account "lent" by Mr Saunders to Mr Ward.

Mr Ward asserted that, before starting its court action, Guinness had known that he had the money, less tax and certain expenditures, in the US.

Accusing the company of trying to "re-write the history" of its management decisions, Mr Ward said that the £5.2m had been a properly authorised payment for his valuable services.

But, he went on, "every aspect of this bid – the size of the target, the *potential damage to Guinness from* failure, the risk of losing, the difficulty of the issues raised and the costs for all services – were not merely very large but virtually unprecedented in the history of English takeovers."

Mr Saunders and Mr Ward are opposing Guinness's claim for the continuation until full trial of temporary orders freezing the two men's UK assets up to a limit of £5.2m, and requiring them to disclose the whereabouts of the money

Guinness alleges that the payment of the £5.2m was a breach by Mr Saunders and Mr Ward of their fiduciary duty to the company.

The hearing continues today.

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Exports boost Land Rover jobs

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LAND ROVER, part of the state-owned Rover Group, is to recruit 600 workers in response to a sharp upturn in exports.

The labour force at the Solihull factory, Birmingham, will be increased to more than 7,400 over the next few weeks with the aim of raising output by about 20 per cent this year.

The company said last night that demand for its luxury Range Rover vehicle, now available with a turbo-diesel engine in western Europe, had "gone through the roof" and it was difficult to meet the orders. Sales on the continent have jumped 50 per cent in the first quarter of this year from 1,738 to 2,603.

The Range Rover was launched successfully in the US last month and sales of 3,000 are projected for the first 12 months.

The company also reported a first quarter improvement in both UK and overseas sales of the Land Rover which last year slumped to the lowest production level for nearly 30 years.

Mr Tony Gilroy, managing director, said the rise in sales reflected changes to the product range to meet the needs of customers in developed countries. Traditional markets in Africa and the Middle East had been hit by low commodity prices and a drop in oil revenues.

He pointed to increased competitiveness after reorganisation to concentrate manufacturing from 14 sites at the Solihull factory: "This, coupled with the realignment of sterling, means we are winning new business in export markets where demand continues to grow." he said.

Union leaders of the 6,000 manual workers believe that the company's sales success will strengthen their bargaining position when pay negotiations re-open at the end of this year. They pulled back from industrial action last month in spite of a narrow majority in a works ballot for a strike in protest at the company's 1987 pay offer.

Land Rover, still a candidate for privatisation, will announce its 1986 results shortly. The company made a first-half trading profit of £3m after a 1985 surplus of £10m.

Freight Rover, the successful Sherpa van business, was hived off from Land Rover at the beginning of this month to form a new joint company with Daf, of the Netherlands.

Land Rover said last night that the decision to increase production and take on new labour was "very encouraging" for profitability in the present year.

Agency 'could lease Caterpillar plant'

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

THE Scottish Development Agency (SDA) could buy and lease-back the US-owned Caterpillar tractor plant at Uddingston, near Glasgow, as a means of assisting a potential alternative operator of the facility to get established, Mr Ian Lang, Scottish Industry Minister, said yesterday.

But there was at present no such potential alternative operator for the plant, he told a delegation led by Mr Campbell Christie, general secretary of the Scottish Trades Union Congress.

Mr Lang yesterday again urged the local management of Caterpillar to participate in talks which Acas, the Government's conciliation service, is trying to get underway with the workers occupying the plant.

About 800 hourly-paid workers at the plant are continuing a sit-in which began in January when Caterpillar announced that the plant would be closed within about a year. They are defying both a court order to quit and the advice of their union, the Amalgamated Engineering Union.

The SDA is already a large-scale owner and lessor of factories in Scotland, and has assisted with management buy-outs, and with company rescues and start-ups.

It has been asked to assist the Scottish Office's industry department in drawing up a profile of the plant and to try to find the plant an alternative operator. But it has made little progress since its staff cannot enter the plant while it is still occupied.

Risk to public health from asbestos in buildings 'minimal'

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

THE RISK to public health from asbestos fibres in buildings is "minimal", according to a Department of the Environment working party report.

Provided the materials are in a sound condition, people working in buildings containing asbestos are less at risk from them than they are from driving to work or sitting next to a smoker, it concludes.

"The person who works for 10 years in a building with 0.001 fibres per cc of asbestos might face a risk of death from that 10 year exposure of 20 per million," it says, and suggests that a 10-mile a day drive to work is at least 50 times as dangerous.

It also concludes that the risk of death from lung cancer caused by tobacco smoke is approximately 100 times greater than the risk from asbestos.

"These estimates of risks to health suggest that it is not necessary to remove asbestos materials which are in good condition," it says. Sound asbestos materials should therefore not be disturbed, although they should be monitored to make sure they remain safe.

The risk to health may be greater in buildings in which asbestos materials are damaged, deteriorating and releasing dust, and these should be treated or removed.

Now that the most dangerous types of asbestos have been banned in the UK, the greatest use of asbestos is as asbestos cement. This presents little risk to health as long as it is in good condition, says the report. But it can release fibres when it is worked on, making safety precautions necessary.

Despite its conclusions about the comparative safety of asbestos, the working party recognises that there remains considerable public anxiety over the risk to health it presents.

"Much of this anxiety is misplaced and arises from ignorance or misunderstanding of the true extent and nature of these risks," it says.

"But it is important for authorities to adopt a policy of openness concerning asbestos in their properties, as this encourages goodwill and collaboration and will enable work with asbestos to be completed with a minimum of delay."

"A policy of secrecy about work with asbestos may only serve to heigthen fars and may prove counter productive."

Report of the Joint Central and Local Government Working Party on Asbestos. The Department of the Environment, Building 3, Victoria Road, South Ruislip, Middlesex.

Spending rise forecast by chemical industry

BY TONY JACKSON

THE CHEMICAL industry expects to increase its UK investment in real terms over the next three years but not by as much as the increased spending by industries elsewhere in the EEC, says a survey from the Chemical Industries Association.

Companies expect their UK spending this year to reach £1.4bn, compared with £1.3bn last year. Over the three years 1987–1989 the figure is expected to reach £4.3bn, a level 6 per cent above the previous three years in real terms.

However, the UK's share of total spending is expected to fall from the 1986 level of 61 per cent to an average of 53 per cent in the next three years. This mostly reflects higher European spending by companies with a small UK share, the association says, but some companies also saw the UK system of investment incentives and tax structure as inadequate.

Within the UK, a rising share of spending is planned in the south of England, although the majority will still fall in the traditional chemical areas of the north. The north-west, north-east, Midlands and Humberside, which had 59 per cent of the industry's investment last year, is expected to get a 56 per cent share in 1987–1989. Scotland, which had 12 per cent in 1986, is expected to get only 8 per cent.

Shipyard unions expect job cuts

By Alan Watson

UNION LEADERS in Belfast, Northern Ireland, said yesterday they expected to be told soon of up to 700 redundancies at the state-owned Harland and Wolff shipyard.

Mr Tom Douglas, president of the Confederation of Shipbuilding and Engineering Unions, said the cuts would affect shipyard staff and others not directly involved in production. They were expected to take effect in July.

Harland and Wolff would not confirm or deny such plans, but said talks on employment levels were being held continually with union representatives.

The Association of Professional, Executive, Clerical and Computer staff (Apex) called for a "save our shipyard" campaign, and criticised Ulster Unionist MPs for boycotting the House of Commons "at this most critical time for Ulster's economy."

Harland and Wolff has just paid off the last of 800 employees whose redundancies were announced in November, bringing the labour force down to 4,300.

Mr Pat McCartan, Northern Ireland area secretary of Apex, said another round of redundancies raised "the grim prospect of closure within two or three years unless government and EEC policies are reversed."

● Figures showing a dramatic rise in flexible forms of working – part-time work, temporary work, and self employment – since 1981, published by the Department of Employment last month, considerably overestimated the growth of temporary work, according to the department.

The department said that the estimates, which showed that the flexible workforce grew by 16 per cent between 1981 and 1985, were based on a misinterpretation of the Government's labour force survey.

The original figures in an article in the department's Gazette suggested that much of the growth in flexible forms of working was because of a 700,000 rise in temporary jobs over the four years. However, the department said yesterday that analyses of the 1983-85 period showed the number of temporary workers rose by only 70,000 jobs.

GUINNESS DIRECTOR SAYS HE WAS CRUCIAL TO SUCCESS OF BID FOR DISTILLERS

Takeover 'justified' £5.2m fee

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR THOMAS WARD, a director of Guinness, yesterday described in the High Court the "crucial" role he played in Guinness's successful takeover of Distillers which, he asserted, amply justified the disputed £5.2m fee he had been paid.

Mr Ward claimed that he had conceived and negotiated an unprecedented agreement with Distillers that effectively removed the risk of the bid failing.

He acknowledged that, taken out of context, the fee was "very large." But, he said, so was every aspect of the bid, which had been almost unprecedented in the history of English takeovers.

Mr Ward and Mr Ernest Saunders, Guinness's former chairman and chief executive, are resisting the company's move to have extended until the full trial, temporary orders freezing the two men's UK assets up to £5.2m, and requiring them to disclose the whereabout of the £5.2m and to "repatriate" it.

Mr Ward claims that the money, less US taxes, is under his control in the US. Mr Saunders denies having any beneficial interest in the money.

Mr Ward said that if the bid had failed it would have cost Guinness between £25m and £100m and the loss could well have exceeded the company's profits for an entire year.

He had conceived and negotiated an unprecedented merger agreement in which Distillers agreed to pay all of Guinness's costs associated with the bid.

"Based on subsequent revisions to takeover rules, I am advised that no bidding company will again experience the benefit of transferring all monetary risk of the bid to the target."

Distillers, he said, had also agree to advance the first £25m and to support the Guinness bid. The agreement had allowed Guinness to proceed and provided a safety net that ultimately had been worth more than £100m.

Had Guinness lost the battle as a result of a reference to the Monopolies and Mergers Commission, the company would have recovered from Distillers the millions of pounds so far spent on the bid – but such a defeat would have caused Guinness enormous damage, both financially and in the loss of credibility and damage to reputation, Mr Ward said.

"My services were crucial to the success of the bid," said Mr Ward, denying a claim by Guinness that he had said at one stage that he would charge only $250,000 for his services.

He said that Mr Olivier Roux, the former Guinness finance director, had been fully aware that Mr Ward had negotiated a fee with Mr Saunders. Mr Roux had authorised the payment of the £5.2m.

Mr Ward brushed aside Guinness's reference to the lack of any written record of the fee agreement. Mr Saunders had been the driving force behind the company; his leadership had become increasingly autocratic, and the board trusted his judgment.

No-one would have questioned Mr Saunders' authority to agree to compensation for services rendered to the company, Mr Ward contended.

"Having known Mr Saunders for a number of years I certainly had no need for any written confirmation of what I had agreed with Mr Saunders, in that I trusted him implicitly.

"Given the chief executive officer's express and apparent authority, I had no reason to question whether the agreed compensation was properly authorised and, for that reason alone, believe that I was fully entitled to receive and retain the payment."

Mr Ward said Guinness's UK court action was part of a co-ordinated, worldwide effort by the company to create the appearance of "a desperate international hunt for money alleged to have been secreted mysteriously by its American director."

Mr Ward referred to Guinness's rejection of his offer to put the £5.2m, after tax, into an escrow account pending a US arbitration over his entitlement to it. It appeared, he said, that Guinness far preferred to demonstrate to the public and its shareholders that its new management was pursuing all claims, regardless of wisdom or cost, to demonstrate vigilance.

Mr Ward accused Guinness of forcing him to litigate in both the UK and the US, which would be logistically and financially burdensome for him. By obtaining court orders freezing the disputed money, Guinness had left him without adequate resources to contest a multinational litigant like Guinness in three separate legal jurisdictions.

That "tactic and ploy" had been made plain by Guinness having reneged on its contractual commitment to pay more than $600,000 fees to his Washington law firm, Ward Lazarus Grow and Cihlar.

Guinness had told a Washington court that it would not pay the fees – even at the cost of losing its claim for production of the firm's documents relating to Guinness, Mr Ward claimed.

Guinness's strategy, he said, had been expressly articulated to him by Mr Shaun Dowling, a Guinness director, who, Mr Ward claimed, had told him in January: "You cannot afford to stand up to a fight against the Guinness treasury."

Replying to Mr Ward's evidence, Mr Shaun Dowling, a Guinness director, yesterday denied having made the remark.

Trading volumes threaten 'haemorrhage'

BY ALAN CANE

TRADING VOLUMES on the London stock market are running at such a level that most firms are either close to, or have exceeded, their capacity to settle their bargains.

Speaking on the second day of a Financial Times conference on technology in the securities markets, Mr Peter Bennett, managing director of Financial Clearing and Services (Fics), said the industry was doing no more than survive and cope on a day-to-day basis with the volumes being experienced.

Fics is one of the few "clearing members" of the International Stock Exchange, as the London Stock Exchange is now called.

Mr Justin Urquhart Stewart, general manager, customer services, for Broker Services, another clearing member, said that any breakdown in the settlement system could quickly create a dangerous haemorrhage in the market, although he said: "At least the London market has not yet had to close one day each week to cope with this rise in volume."

But such dramatic developments could be ruled out. A leading stockbroker attending the conference said yesterday that the situation was so dangerous that the Stock Exchange Council should cap the number of bargains allowed daily to ease the strain and ensure the integrity of the market as a whole.

Every paper given at the conference reinforced the idea that technology was the driving force behind changes in the securities market world-wide, but that it was not an unmixed blessing. Firms aiming to exploit the potential of the new techniques had to plan carefully; there were plenty of traps for the unwary.

Mr Hans-Dieter Scholz and Mr Chas Church of the consultants Coopers & Lybrand, for example, explained the advantages to be gained from building artificial intelligence into dealing room systems. But they warned that there were "black holes" into which it was easy to fall.

Mr Charles Pendred, managing director of Garban Gilts, a leading Inter-Dealer Broker (IDB), said that without new technology there could not have been a new gilts market.

"The risks of a very high volume market with 27 market makers, six IDBs and nine stock exchange money brokers would have been too great for the banking system to bear."

Mr John Grant, chief executive of the Financial Intermediaries, Managers and Brokers Regulatory Association (FIMBRA), was relying on computer technology to enable the organisation to deal with ten-fold growth for the second time in his time with the organisation.

Mr Christopher Clark, head of European Research for Srimgeour Vickers, now part of the Citicorp group, said clients wanted a research service which was always working when they wanted to use it, always accurate and not out-of-date in terms of analysts' comments and stock prices feeds and easy and fast to get access to.

Calfed to enter UK insurance market

By William Hall in New York

CALFED, a fast-growing California-based financial services company which owns the fourth biggest US savings and loan organisation, is moving into the London insurance market by investing $80m (£50m) in a new wholly-owned subsidiary, Anglo-American insurance.

The venture is part of Calfed's efforts to diversify out of its traditional mortgage lending business and to open up international markets for the company.

Although the property-casualty business has been highly cyclical in the past, Calfed says it has been studying the business for 10 years and believes it has picked the right partners and has structured its business so that it will avoid the pitfalls of some other new entrants into the London insurance market.

Walbrook Insurance, a wholly-owned subsidiary of London United Investments, will share equally in all risks, premiums and reinsurance with Anglo-American.

H.S. Weavers (Underwriting Agency), a wholly-owned subsidiary of London United Investments, a London underwriter for more than 25 years, will perform all underwriting activities for Anglo-American and Walbrook Insurance.

Anglo-American Insurance will primarily underwrite fire and natural forces, damage to property, motor vehicle liability and general liability, and will generally not participate on business underwritten in the traditional aviation and marine markets.

It believes that more than half of its business will be in the US with the balance diversified around the world.

Mr George Rutland, chief executive of Calfed, will be chief executive of the venture and Mr Peter S. Wilson, deputy chairman of London United, will be managing director.

Prince Michael of Kent, Sir Denis Marshall, a former president of the Law Society, and several senior executives of London United Investments and H.S. Weavers (Underwriting Agency), Calfed's London partners, will also sit on the board of Anglo-American which will have its headquarters in the City of London.

NUM executive blocks Scargill-backed ballot

BY CHARLES LEADBEATER, LABOUR STAFF

THE NATIONAL UNION of Mineworkers' executive yesterday blocked a move supported by Mr Arthur Scargill, the union's president, to call a special conference immediately and a national ballot on British Coal's plan for far-reaching changes to working practices, including the introduction of flexible shifts.

Instead, the union's response will be decided by this year's national conference in 12 weeks' time.

The conference, at Rothesay, in Scotland, will debate all elements of British coal strategy to modernise production. The strategy includes the introduction of more new technology coal faces, flexible shift patterns, revised bonus schemes, and other changes to working practices.

The conference debate will centre on a resolution from the Midlands area of the union, which calls for total opposition to proposals to change shift patterns. The motion calls on the union to explore ways of introducing a shorter working week to protect mining jobs from rapid rises in productivity. Mr Scargill indicated that he supported the motion.

However, it is unclear how the resolution would affect the decision of the South Wales NUM to accept the concept of six-day production at the drift mine at Margam. It is thought the South Wales leadership would want to press ahead with the development, in spite of conference support for the Midlands motion.

Some moderate members of the executive believe the South Wales area would review its relationship, including the possibility of leaving the union, should the national leadership attempt to tie the area's hands over Margam.

Mr Des Dutfield, the South Wales president, said after the lengthy executive meeting that the union's rules could produce a farcical situation at Margam.

The union's executive is to seek a meeting with British Coal. A full report on the potential effects of British Coal strategy throughout the coalfields will be put to the executive to allow it to make decisions which would guide the conference.

A move for a special delegate conference to discuss industrial action over the five-month delay in negotiations on the NUM's 1986 wage claim was heavily defeated, according to executive members. The union will seek a further meeting with British Coal to try and agree a conciliation procedure. Failure to agree on conciliation machinery, which would determine how many miners the NUM can negotiate for, has delayed wage talks.

Warning by Tory peers on national radio plan

BY IVOR OWEN

A NATIONAL commercial radio station in Britain would be likely to put a number of existing independent local stations out of business, the Government has been warned by Conservative peers.

Speaking in the House of Lords yesterday, Lord Butterworth, said a national commercial station would result in the existing independent stations suffering a "very severe reduction" in their advertising revenue.

While some of the larger independent stations would be able to recoup, by bidding for the franchise of the new national commercial station, many of the smaller stations providing valuable local services were convinced that "if the national commercial station goes ahead they will face bankruptcy."

Lord Nugent said that some independent local radio stations were already experiencing financial difficulties through not being able to secure sufficient advertising revenue, and if it were to be "spread more thinly" some of them would be put out of existence.

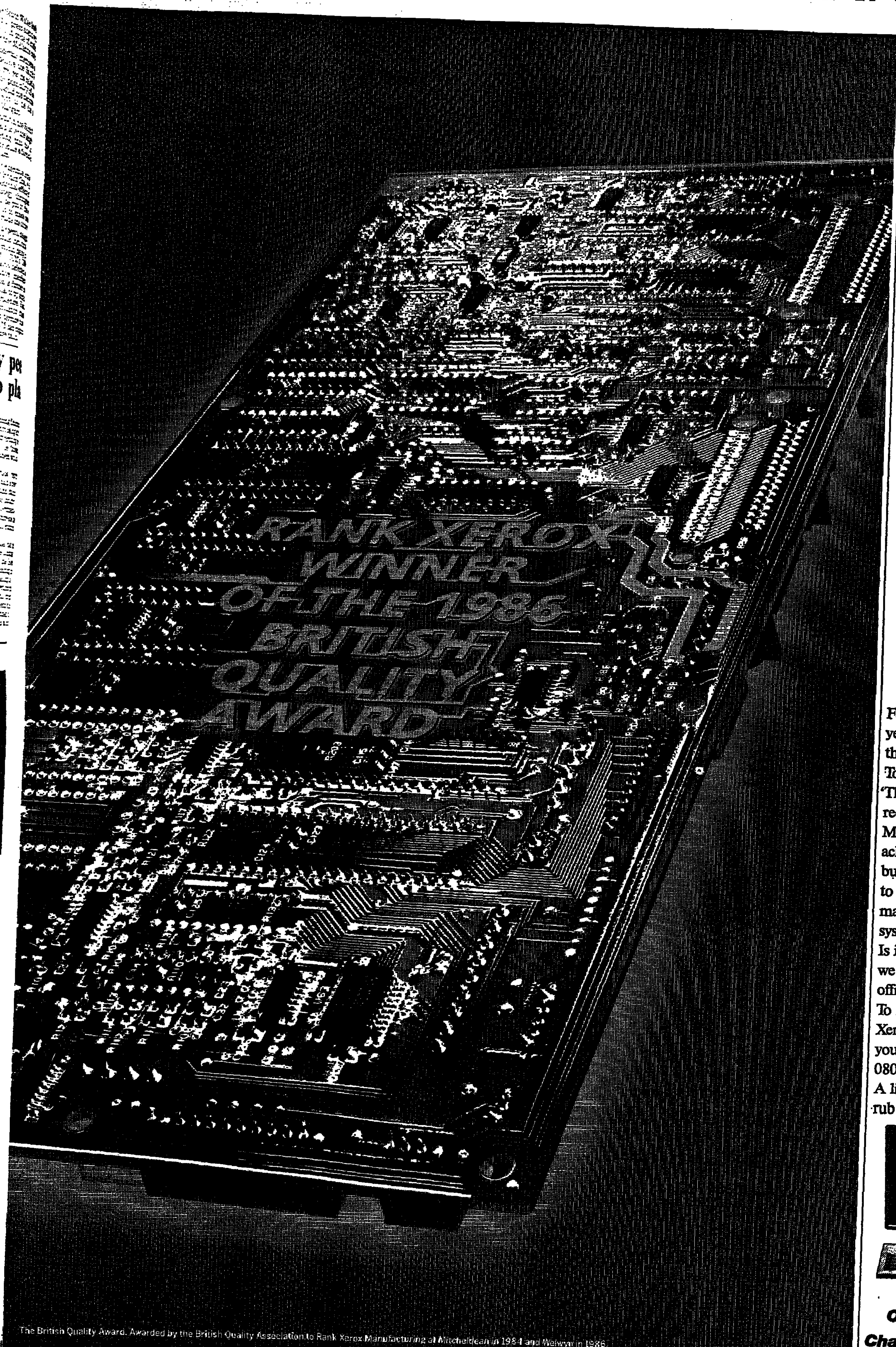
Lord Beaverbrook, replying for the Government, said a new national independent radio station would improve the whole industry.

It was the Government's intention, he said, to increase the number of viable radio stations not to decrease it.

Lord Beaverbrook said some of the proposals in the consultative paper published by the Government would help the existing independent stations by raising the profile of radio as an advertising medium.

He confirmed that the consultation period would end on June 30, and said the Government would announce its proposals as soon as possible.

RANK XEROX



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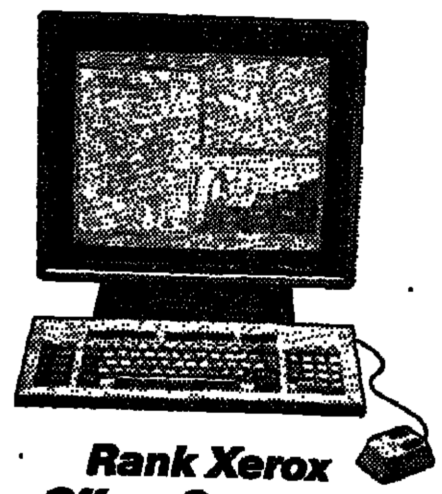

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Two airlines to compete at docks airport

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TWO UK airlines are to be allowed to compete on international air routes from London City Stolport (designed for short take-off and landing aircraft), which will open in the Docklands area in October.

This follows a decision yesterday by the Civil Aviation Authority to grant both airlines – Brymon Airways, in which British Airways has a major shareholding, and Eurocity Express, part of the British Midland group – every route licence each asked for at a bitterly fought hearing in London earlier this year.

As a result, Brymon and Eurocity Express will be able to compete on the lucrative routes beween the London City Stolport and Amsterdam, Brussels and Paris.

In addition, Brymon will be able to fly to Plymouth and Newquay, while Eurocity Express will fly to Guernsey, Jersey, Manchester, Düsseldorf and Rotterdam.

Both airlines will be required to use the quiet Dash Seven four-engined turbo-prop airliners built by de Havilland Aircraft Company of Canada, which Brymon already uses on its existing routes.

Eurocity has taken delivery of two leased Dash Sevens, with two more on the way.

The new airport, being built on derelict land between the Royal Albert and King George V docks, is a private venture by John Mowlem, the construction engineers.

Announcing its decision yesterday, the Civil Aviation Authority said it believed this would not only increase competition on international air routes, in line with government policy, but would also generate greater frequency of services, greater seating capacity and better seat availability.

"These, in turn, will provide real benefits for users of the services as well as contributing to the more rapid development of the market as a whole."

The authority added that in the light of environmental objections, it had made it a condition of the licences that operators must conform with the local planning regulations in force at the London City Stolport.

This means that suggestions by Eurocity Express that it might change over at a later stage from quiet turbo-prop Dash Sevens to the four-engined Type 146 jet airliner may be blocked if environmental objections are too strong.

Finance Bill worries pensions industry

By Eric Short

THE PENSIONS industry is worried by the lack of detail in this year's Finance Bill on the practical effect of the radical changes in pensions unveiled in last month's budget.

Mr Nigel Lawson, Chancellor of the Exchequer, wanted to encourage employees to make their own pension provision through personal pensions or through their own additional voluntary contribution (AVC) schemes.

He also acted to curb what the Inland Revenue considers to be excessive exploitation of pension scheme tax benefits, particularly of the tax-free lump sum.

The measures propose to curb artificial inflation of earnings counting toward pensions, lengthening the qualifying period necessary to be eligible for maximum benefits and imposing an overall limit of £150,000 on lump sums.

The measures are to apply to new schemes and to new employees joining existing schemes. However, the Finance Bill, published this week, does not define either a new scheme or a new employee, thus leaving the questions of many employees unanswered.

Pension fund administrators and managers have had to put a number of their planned pension developments on ice.

For some employees, for example, promotion to executive status is accompanied by a transfer from the main pension scheme to an executive scheme. If such a transfer were to count under the clampdown, many employees may object to being moved.

One pension manager has reported that for an AVC scheme arranged from the beginning of the financial year, first contributions are due to be deducted from salary later this month. The local tax inspector was unable to clarify whether this scheme comes within the new rules.

The Inland Revenue says it is aware of the problem and the urgent need to resolve these questions. But it considers it paramount to get the system right to ensure a smooth transition.

It is consulting leaders in the pensions industry and expects to set out details amplifying the ultimate Finance Act in the usual joint memoranda from the Superannuation Funds Office of the Inland Revenue and the Occupational Pensions Board.

Meanwhile, the Institute of Directors has called on the Chancellor to rethink his plans to curb lump-sum payments. It says that they will put "golden handcuffs" on employees at all levels, and gives a warning that the proposals would make workers, particularly in their forties and fifties, reluctant to change jobs.

VW-Audi to push spares

By Kenneth Gooding

THE Volkswagen-Audi car importer in the UK is to start a programme to claw back some of the £80m of spare parts business lost to non-franchised outlets.

If the scheme is successful, the West German group might extend it to Belgium, Luxembourg, France and Sweden.

Mr David Carter, parts and service director for VAG (UK), the Lonrho subsidiary which imports VW and Audi cars to Britain, believes the programme can also help the company's 350 dealers to counteract the widespread view that all franchised dealers are expensive and offer poor value.

The first products will be priced competitively against other brand leaders, and VW-Audi will also offer the bonus of a "lifetime" guarantee.

Mr Carter said yesterday that both VAG (UK) and the dealers would be cutting profit margins on the products, but the extra volume that should be generated would compensate.

Government supports share ownership plan

BY PHILIP BASSETT, LABOUR EDITOR

THE GOVERNMENT yesterday gave support to the development of employee share ownership plans (Esops) as a further method of increasing employee involvement.

Mr Kenneth Clarke, Paymaster General, urged other UK companies to follow the example set by Roadchef, the motorway services company, which is operating the first Esop in Britain.

He told a conference on the schemes, which are US-style stock ownership plans structured for the UK tax and legislative systems: "We need to do away once and for all with old-fashioned 'them and us' attitudes in industry. Successful companies in a modern economy need to involve their employees – to consult and co-operate, not confront."

Mr Clarke told the conference in London, organised by the Industrial Society, the Unity Trust trade union bank and the New Statesman magazine, that Esops were particularly relevant to smaller businesses which were finding it difficult to share ownership with their employees.

He said that most employers allowed no ownership role for employees, but added: "I believe that this will change with the realisation that employee ownership – by rewarding people through a stake in the succees of their company – makes for successful companies."

Mr Clarke set Esops firmly in the context of other moves by the Government, such as wider share ownership and profit-related pay. He gave special mention to co-operatives, provided they were rooted in the market, were competitive and innovative and were unlike the uncommercial co-operatives set up with the help of the Labour government in the 1970s.

Oil companies in joint venture

By Lucy Kellaway

TAYLOR WOODROW Offshore and Kellogg Offshore have formed a joint venture company to strengthen their competitive position on the world offshore oil and gas market.

The move is the latest in a series of new groupings within the industry, prompted partly by the recession in the offshore market over the past year. In the past nine months, companies such as Ferranti, Brown and Root have set up joint ventures with other companies in the UK to broaden their range

The new partnership will be called Taywood Kellogg. It will offer a complete engineering service for offshore developments.

Mr Alick Buchanan Smith, Energy minister, said at the venture's launch: "This partnership marks yet another landmark in offshore engineering and design joint ventures."

Taylor Woodrow will own 60 per cent of the new group which, Mr Buchanan-Smith said, showed "a continuing strong UK commitment to the concept of joint ventures." The partnership, he said, "will be better able to compete in overseas markets and this is bound to enhance UK export capability."

Bain Dawes in £43m purchase

By Nick Bunker

BAIN DAWES, the insurance broker, has completed its £43.1m purchase of Clarkson Puckle, another Lloyd's broker, in a move that has created what is thought to be the world's eleventh or twelfth biggest insurance broking group.

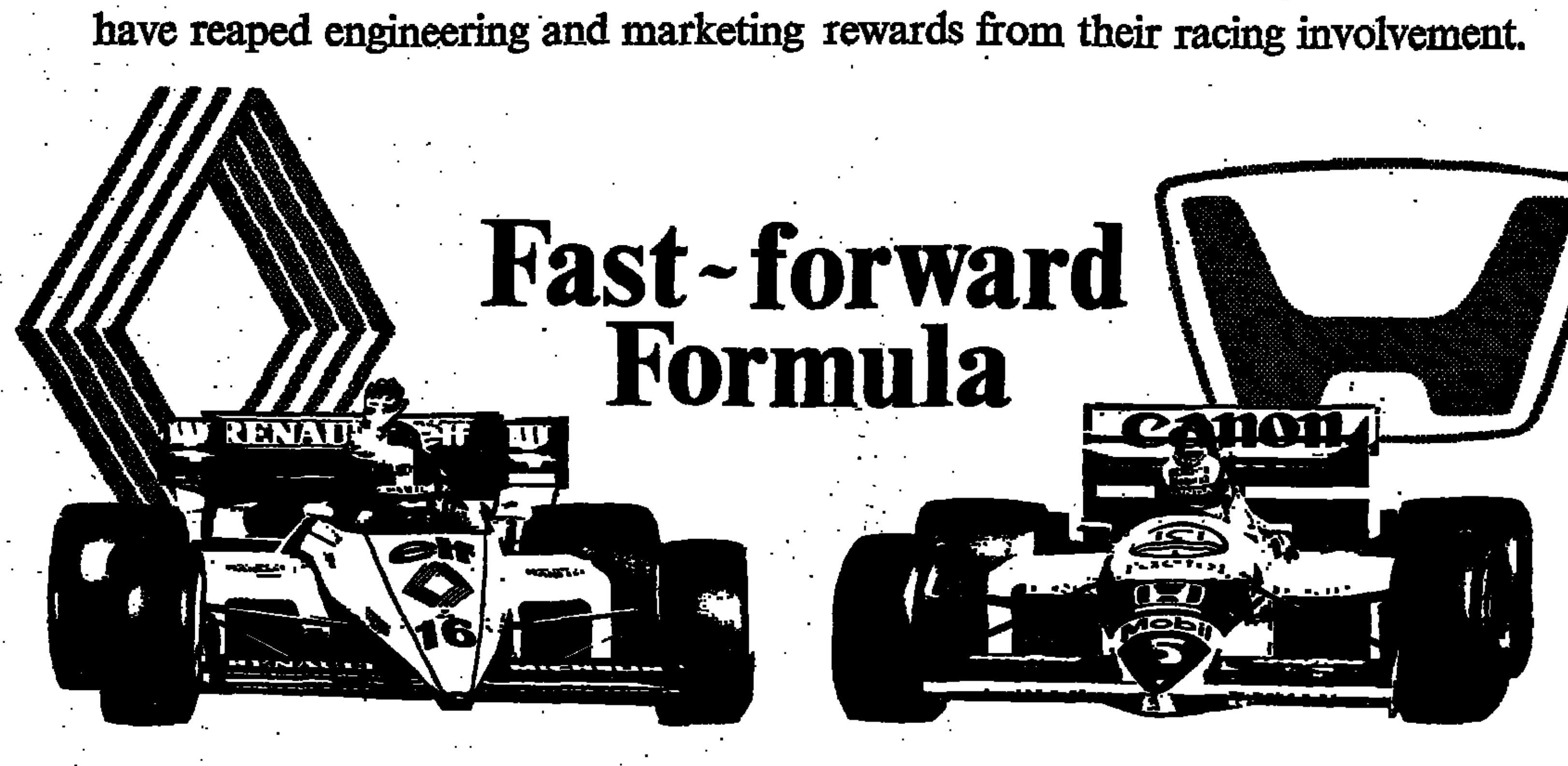
The new company formed by the merger will be called Bain Clarkson. Its gross income this year is expected to be about £95m, Mr Simon Arnold, Bain Clarkson's chairman, said.

Mr Arnold said Clarkson Puckle was "the outstanding marriage partner" at a time when Bain Dawes had decided it needed to grow by acquisition to compete with other major brokers.

TECHNOLOGY

The Formula One racing season begins in Brazil on Sunday. **Paul Betts** in Paris and **Ian Rodger** in Tokyo look at how two of the world's leading car makers have reaped engineering and marketing rewards from their racing involvement.

Fast-forward Formula



UNLIKE the famous Edith Piaf song, there are still some deep regrets at Renault over the French state car group's decision to abandon Formula One motor racing. In an effort to underline his commitment to restructure the troubled car group, Mr Georges Besse, the late Renault chairman killed by terrorists last November, decided to scrap Renault's Formula One team in 1985 and to stop supplying Renault engines to other motor racing teams at the beginning of this year.

For Alain Dubois-Dumee, a Renault official who has followed closely the group's adventure in Formula One racing, the decision was probably the right one given Renault's huge financial and industrial problems, although it came initially as a big shock to company personnel. Moreover, the new Formula One rules had already started threatening the future of turbo-charged cars which Renault pioneered in grand prix racing.

"The regulations would have forced us to develop a new generation of engines. It would have cost us between FFr 600m and FFr 800m (£61m-£81m) to continue racing over the next three or four years," says Mr Dubois-Dumee. And Renault with record losses of FFr 12.55bn in 1984 and a deficit of FFr 10.9bn in 1985 could ill afford to spend that sort of money on motor racing.

But the group's experience in Formula One has been valuable, says Dubois-Dumee. "You could call motor racing an accelerator of creativity and development for a volume car producer like ourselves. Even though there are not always immediate applications between grand prix machines and consumer cars off the assembly line, racing creates a cultural movement inside a company and motivates people."

More than a year after its factory team's withdrawal from the grand prix arena, Renault is still reaping some of the more practical spin-offs from its racing experience. The 80 mechanics and technicians who worked specifically on Renault's Formula One effort have been assigned to the company's research and development department to help design and bring out new, faster, more powerful engines to extend the offerings in the company's passenger car range.

And, the Formula One venture helped Renault above all to put its turbo engine technology on the world map at the same time as boosting the French company's efforts to develop what is today one of the most complete ranges of turbo petrol- and diesel-engined passenger cars. "The success of the turbo in Formula One clearly fed across to our assembly line operations and gave our volume production of turbo charged cars a major shot in the arm," explains Dubois-Dumee.

Renault took a major risk when it brought out for the first time a turbocharged Formula One car at Silverstone in 1977. It was the only turbo on the track. Six years later, at Silverstone again, every car was a turbo. "For us that was the real victory, since we had won our technological bet," says Dubois-Dumee. Although Renault never won the world championship, its own Formula One team won 15 grands prix.

Formula One also helped the company learn a number of lessons on components, tyres, and engine performance for volume car production. Obviously the criteria applied for a Formula One car and a product off the assembly line are widely different. For example the shell of a grand prix car costs as much as FFr 300,000 (£31,000) compared with only about FFr 7,000 for a small passenger car, according to Renault. Materials and components are often not the same, since the approach to cost is completely different.

"In motor racing cost is really no object, whereas in volume production it is a crucial element," says Dubois-Dumee. Nonetheless, motor racing helped Renault to learn more about engine performance, about weight and road control, as well as car electronics, water injection for turbos and other liquids. "It also helped us work on reducing the size of the turbo itself for our volume production," adds Dubois-Dumee. "Remember too that the widespread application of disc brakes was the direct result of motor racing."

In the same way as Formula One has played a significant role in Renault's technological development, the private French Peugeot group also claims to have made important technological gains from its recent, highly-successful experience in world championship rally competitions. The victories of the Peugeot 205 Turbo 16 in the world championship rallies for two consecutive years and Peugeot's success in the Paris-Dakar rally at the beginning of this year have played a major part in boosting the image and sales of the 205 supermini and its speedy GTI version.

Peugeot approached the racing scene in a very systematic fashion. "From the beginning we felt that if racing was to provide benefits for the group it was necessary that our overall technical department and services were intricately involved in the conception of the basic model," explains Mr Michel Durin, technical director of the Peugeot group. However, once the basic car was conceived, it was handed over to the Peugeot racing team run by Jean Todt. He managed and fine-tuned the development of the car.

Durin says the rally experience has helped the group gain new know-how in all its technical departments, enabling it to test the reaction of components, materials and engines pushed to their limit. The 205 rally car enabled Peugeot to improve, among other key components, gearbox technology. It also helped the company learn about aerodynamics and weight, experiment with the use of plastics and discover problems with the use of some materials in specific functions like carbon brakes, which are very sensitive to surface corrosion and require very high temperatures to operate effectively.

For Peugeot, which is now leading a European Eureka FFr 417m project to design and build a car using entirely new materials, the rally experience has been so fruitful that the group is now seriously contemplating returning to Formula One racing. A decision on its eventual return to grand prix racing is expected to be taken soon.

It could well be helped to make up its mind by the experience of Honda of Japan.

Japanese manufacturers can often be found pursuing strategies directly contrary to those of their Western competitors. And, more often than not, their strategies turn out to be the better ones.

The latest instance of this independent thinking is the growing commitment by Honda, the aggressive automotive group, to Formula One racing.

At a time when Renault has decided to withdraw from racing, and other companies, including BMW and Ford, are trimming their grand prix efforts, the Japanese company is raising its racing profile.

This year, it is supplying engines to two teams instead of one. It will remain with Britain's Williams Grand Prix Engineering Group, with which it has been associated for the last three years and with which it won the constructor's championship last year. But it will also take Renault's place supplying engines to Team Lotus International, also of the UK.

This sort of commitment does not come cheaply. Honda officials are guarded about the total cost of their racing programme, but suggest that it costs between Y5bn (£21m) and Y10bn a year to support one team, and an additional 30 per cent for the second team.

It remains to be seen whether Honda will prove to be right and its competitors wrong, but the Japanese company appears to have no doubts. The benefits from racing, it says, are substantial and come in three areas—technology, management and publicity.

Of these, technology remains the most important, in Honda's view. "The history of the automobile is the history of racing," says Yoshitoshi Sakurai, director of the company's racing programme. "Any technology that emerges in the development of racing cars tends to turn up in commercial cars within 10 years," he states. "In the future, I think the lag will be shorter, perhaps only five years."

Although Honda has only recently achieved dramatic success in Formula One, its experience in the sport is substantial. The company started racing in the early 1960s when it was mainly a motorcycle manufacturer and was just beginning to make cars. It decided then that the best way to learn about car engineering was to enter grand prix motor racing.

Over the period of four years, the company won only a couple of races, but it learned a great deal. "We could see the rapid advance of technology, and we learned that in racing you could not cheat on anything. It helped us develop good engineers," says Mr Sakurai.

But in 1968, Honda withdrew from racing, it says, to concentrate its resources on solving engine emission problems on ordinary cars. It returned in 1979, starting modestly in Formula Two and graduating to Formula One in 1984 when it joined forces with the Williams team.

Honda says technological benefits emerge from Formula One racing because the racing authorities continue to tighten the regulations on car equipment. This forces manufacturers to innovate to maintain and, if possible, improve performance.

For example, rules reducing the maximum allowed fuel supply have forced engine manufacturers to make more efficient engines. Currently, the emphasis is on restricting the amount of turbocharging allowed, forcing makers to seek other means of achieving high performance.

While there is unlikely ever to be any demand for 1,000 hp high-performance engines for commercial cars, Mr Sakurai says, these engines are the cores from which commercial models are developed.

"One area of likely technological transfer, for instance, is the use of electronics to monitor engine performance and report it to both the driver and car mechanics. This is now a highly active area in Formula One cars, with new technology being introduced regularly.

Formula One cars are living creatures these days," says Mr Sakurai, "When we started, we tended to put a lot of emphasis on driver comments. Now, we are more interested in analysing the data we can collect."

Honda believes it has surged ahead in the racing field partly by developing new engines to meet the new requirements, rather than modifying old ones. Even so, Mr Sakurai estimates the company's technological lead over its rivals is only a matter of three months or so, and therefore the company has to maintain its effort.

"We put new technology into our engines for each race. It is risky, but we have to do it."

This is one reason Honda has started to work with a second team. "We have a good understanding with Williams, but they are losing their enthusiasm for new challenges. To enhance the stimulus to ourselves, we decided to work with a second team," says Mr Sakurai.

Internally, Honda tries to keep fresh by rotating the members of its engineering team every three years. This also provides good exeperience for engineers. "The racing environment teaches them that they cannot run away from problems" Mr Sakurai states.

As for the more general impact on company management, Honda believes that racing provides a boost to company morale and stimulates the competitiveness of all managers. Officials like to say that the company has a "racing spirit" in everything it does. Certainly its performance lately has been better than most. Despite a flat world market last year, Honda's worldwide automobile sales rose 14 per cent and the company is seeking a further 8 per cent growth this year.

The racing theme also helps differentiate the company from other Japanese motor manufacturers, none of which participate in Formula One racing. For example, Mr Sakurai cannot resist making a jibe about Toyota. "If a company wants to accumulate money, that is OK. But in Japan, Honda is a special case. Our target is a dream—developing technology and selling dreams to people."

The publicity spin-off from racing is difficult to quantify. Honda believes it is more than coincidental that its car sales in Europe rose significantly last year when the Williams team won the constructors' championship.

The group's unit car sales in the first 10 months of the year were up 25.9 per cent in West Germany, 11.4 per cent in the UK and 28.5 per cent in the Netherlands. "We are getting better publicity than we expected," says Mr Sakurai.

Company Notices

FT LAW REPORTS

Preferential shareholders lose Fraser shares

HOUSE OF FRASER plc v ACGE INVESTMENTS LTD AND OTHERS

House of Lords (Lord Keith of Kinkel, Lord Fraser of Tullybelton, Lord Brandon of Oakbrook, Lord Griffiths and Lord Ackner): April 8 1987.

REDUCTION of capital by cancellation of preference shares, carried out in accordance with the articles of association, is not invalidated by failure to comply with a provision that preference shareholders are entitled to vote on variation of their rights, in that cancellation of shares involves cancellation of rights, leaving no rights capable of variation.

The House of Lords so held when dismissing an appeal by ACGE Investments Ltd and others, preferential shareholders in the House of Fraser plc, from an interlocutor of the Second Division of the Inner House of the Court of Session, arising out of a petition by Fraser for confirmation of reduction of capital.

LORD KEITH said Fraser petitioned for confirmation of a reduction of capital which involved paying off the whole preference share capital of the company as being in excess of its wants.

The reduction was accomplished by special resolution passed at an extraordinary general meeting attended by ordinary shareholders only. No class, meetings of preference shareholders were held to approve or disapprove the reduction.

ACGE maintained that that failure was in contravention of their rights under the articles of association, and that confirmation of the reduction should be refused. The Second Division confirmed the reduction.

AGCE were holders of 97,953 of the 5.25 per cent cumulative preference shares. In the articles of association these, together with another class, were referred to collectively as "the second preference shares." All the issued ordinary and deferred shares were held by Fraser.

Article 4 of the articles of association provided that second preference shares should carry certain rights and priviledges, and be subject to certain restrictions and limitations.

Article 4 (B) (c) provided that on a return of capital "on a winding up or otherwise," assets available for distribution should be applied to the second preference shares in priority to other classes of shares.

Article 4 (B) (d) provided that the sum payable in respect of the second preference shares on a return of capital "or otherwise" should be certified by the company's auditors according to formula.

Article 4 (B) (f) provided that the holders of second preference shares were entitled to receive notice of general meetings, but were not entitled to attend or vote unless "the business of the meeting includes the consideration of a resolution . . . (b) varying the rights of privileges of the holders . . ."

Article 12, headed Variation of Rights provided that special rights attached to any class "may . . . be modified, communted, affected or dealt with by agreement between the company and any person purporting to contract on behalf of that class . . ."

Article 14 (D) provided that the company might by special resolution reduce its share capital in any manner authorised by the Companies Acts.

The company's auditors certified a sum applying the article 4 (B)(d) formula, and the reduction of capital provided for second preference shareholders to be repaid at par.

ACGE maintained that "commuted" and "affected" in article 12 were apt to describe a situation where the rights of second preference shareholders were converted into a right to receive payment of a capital sum.

The question on the present appeal was whether the proposed reduction of capital accorded with the rights conferred on the second preference shareholders by the articles of association, in particular article 4 (B).

In *re Saltdean Estate Co Ltd [1986] 1 WLR 1844* the articles of association required the consent of a class meeting to any proposal to "affect, modify deal with or abrogate in any manner" the rights and privileges of that class. The company proposed to reduce its share capital by paying off its preference shareholders. They opposed the reduction on the ground that no separate class meeting had been held.

Mr Justice Buckley said "The liability to prior repayment on a reduction of capital, corresponding to their right to prior return of capital in a winding-up, is part of the bargain between the shareholders and forms an integral part of the definition or delimitation of the bundle of rights which make up a preferred share. Giving effect to it does not involve the variation or abrogation of any right attached to such a share."

That was correct. Mr Justice Buckley did not address his mind to any special meanings which might be attributed to "affect, modify, deal with" in juxtaposition with "abrogate." There was no need for him to do so. The proposed reduction of capital involved extinction of the preferred shares in strict accordance with the contract embodied in the articles of association, to which the preferred shareholders were parties.

In the present case article 4 (B)(c) referred specifically to a return of capital on a winding up or otherwise. The words "or otherwise" were plainly apt to apply to repayment of capital which was in excess of the needs of the company; and which might be brought about by reduction of capital as authorised by article 14 (D).

In a reduction the second preference shareholders were entitled to priority of repayment. That necessarily involved that all other rights attached to the shares should come to an end. It was something to which the shareholders must have agreed as a necessary consequence of their right to prior repayment.

On no view could it be said that as a result any of the special rights attached to the shares had been "modified, commuted, affected or dealt with" within the meaning of article 12.

Those words all contemplated that after the relevant transaction the shareholders in question would continue to possess some rights, albeit if a different nature from those which they possessed before the transaction. The proposed reduction of capital involved the complete cancellation of the shares.

His Lordship agreed with the passage in the opinion of the court below delivered by the Lord Justice-Clerk *1987 SLT 273,278*:

". . . the proposed cancellation of the preference shares would involve fulfilment or satisfaction of the contractual rights of the shareholders, and would not involve any variation of their rights. Variation of a right presupposes the existence of the right, the variation of the right, and the subsequent continued existence of the right as varied. A different situation obtains where a right is fulfilled and satisfied and thereafter ceases to exist."

The appeal was dismissed.

Lord Fraser, Lord Brandon, Lord Griffiths and Lord Ackner agreed.

For Fraser: J. A. D. Hope QC and P. H. Brodie (Herbert Smith & Co.).

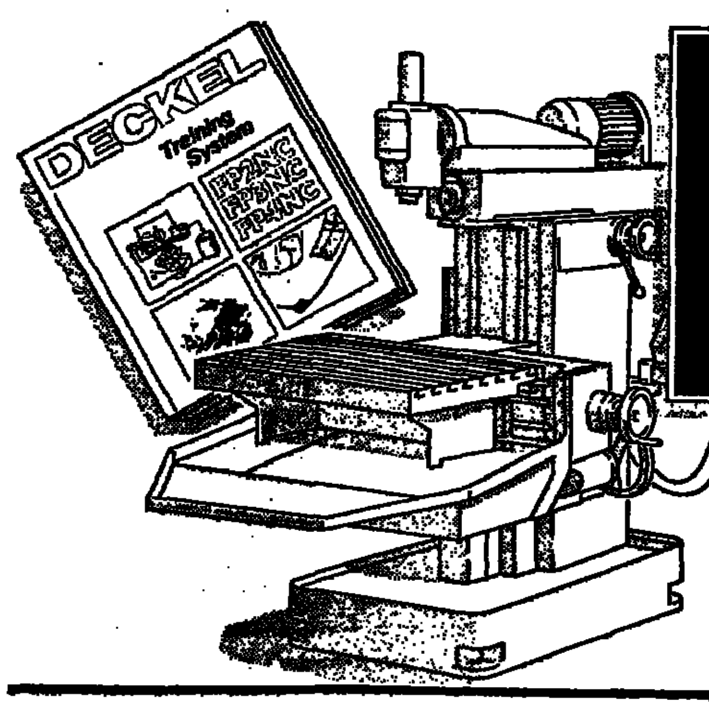
For the preferential shareholders: J. T. Cameron QC and P. S. Hodge (Stephenson Harwood).

Rachel Davies
Barrister

West German machine tools

Deckel specialises as it fights back

Andrew Fisher on the group's response to the Japanese challenge



Lief Lundkvist: has masterminded Deckel's rise in numerically controlled machines and an increased emphasis on training

IT IS NOT quite a rags to riches story—or more accurately, riches to rags and back again—but it comes close in business terms.

Deckel, the biggest maker of machine tools in West Germany, is riding pretty high today. Sales, profits, and investments have been moving up steadily and shareholders have been promised a higher dividend. Even in the chillier business environment of 1987, Deckel does not expect its progress to be frozen.

But only a few years ago, it was a different and much bleaker story. The family-controlled company had taken the bold step in 1981 of going public and admitting outside shareholders, a move which was not too common then but has since been emulated by a host of West German firms.

A year later, Deckel flopped ignominiously into a huge loss. No dividend was paid for three years and capital spending was reined right back. The company had suffered from the order famine which affected the European industry at a time of recession and which had been exacerbated by the heavy penetration of high volume, lower cost Japanese producers when the yen was much lower than it is now.

In those days, much of the European machinery industry rolled over and died. Survivors like Deckel decided to fight back, carving out a strong position at the more specialised end of the market, where the German industry is now well entrenched, in contrast to the more volume-oriented approach of the Japanese.

There was, however, a large initial measure of luck in Deckel's case. In 1982, the Iranians came up with a timely DM 40m (£13.5m) order which enabled the Munich-based company to move back into the black the following year.

But apart from luck, what lies behind the change in fortunes at Deckel? It has veered from a DM 13m pre-tax profit in 1981 to a DM 14m loss in 1982 and back to a 1985 profit of DM 22.6m, which was 28 per cent higher than the year before. The 1986 figures have yet to be released, but Leif Lundkvist, the company's Norwegian chairman, says they will be "healthy." The dividend will be up from the DM 6 per share paid for 1985.

In trying to assess the reasons for Deckel's strength compared with a few years ago, three main points stand out: steadily rising investment; a strong emphasis on new and increasingly sophisticated product development; and a far-sighted training policy.

Of course, there are other, more mundane ingredients. Lundkvist's hands-on approach has kept him close to the production process where he has worked on shaking out inefficiencies and cutting costs. And on the marketing side, companies like Deckel have been forced to become more attentive to customers' needs and less arrogant in presenting their products.

In fact, says Lundkvist, problem solving is now what the company is mainly about. "Larger customers want packaged solutions. We've got to read the signals right, be very good listeners and have very good know-how in the market place."

That means more complex and flexible machines with more and more electronics and thus steady investment in production and product development. To make the technologically advanced equipment that customers require, Deckel's own workforce has to be trained to a much higher standard than in the past.

Lundkvist has certainly beefed up Deckel's investment in his three years at the company. Capital spending has nearly tripled to DM 32m, and he stresses that the returns have justified this. Sales increased by nearly 20 per cent last year to DM 560m and new orders by 10 per cent to DM 565m. Exports, mostly within Europe, account for just over 40 per cent of sales.

Both the rising investment rate and the close watch on production has led to a sharp advance in productivity. Turnover per employee — Deckel employs around 2,300 people — has doubled since 1982 to about DM 250,000 and the company has cut the raw materials it needs to cover running production needs from 2.1 months storage in 1985 to 1.5 months. The 1987 target is 1.2 months.

In its main products, universal milling and boring machines, Deckel lays claim to about half the German market, closely followed by Maho, also based in Bavaria. Most of Deckel's products, which include machining centres, have electronic controls, mostly bought from Grundig.

Ironically, in view of the ravages wrought by the Japanese on the industry, Deckel put electronics into its machines earlier than many German producers. But Japan was even further ahead then, and the European industry's tardiness caused much of its suffering.

The new computer-controlled products now turned out by the German industry, the world's top exporter of machine tools, have returned it to a growth tack. As well as Deckel, companies like Maho, which came to the bourse last December, and Traub all report healthy progress. Production of the industry rose by a real 15 per cent last year to DM 13.2bn, with 60 per cent exported.

Deckel came to the market again recently to raise DM 30m through a preference share issue to help finance future expansion. Deckel and others are now moving more into the area of machines that can be linked by electronic controls and thus operate cheaply, flexibly and reliably to meet customers' varied needs.

With technology advancing ever faster and customers getting more demanding, "all the equipment is becoming more and more expensive and has got to be able to run all the time," according to Lundkvist. To beef up its software expertise, it took a short cut by acquiring control of RWT, a Munich-based software house specialising in controls for manufacturing machinery.

The move was aimed at helping Deckel keep its equilibrium in coming years when competition is expected to hot up and to be in place to meet demand into the 1990s for the ever more automated and flexible machines likely to be in demand.

As well as boosting its software side and continually updating its plant—it has installed a new DM 6.5m flexible manufacturing (FM) centre which has 800 different tools and can be run round the clock by two people—Deckel is also keeping an eye open for further possible acquisitions.

It is spending heavily on training. With the increasing use of computers both in the manufacturing process and in the end-products themselves, finding the right type of skilled worker and engineer is becoming harder. Many German companies complain about this.

The proportion of Deckel's products—its third main line is spark erosion machines, which cut metal through electrical discharges—with numerical controls has tripled in the 1980s to 85 per cent. So its training programme has been widened accordingly.

About 30 per cent of its apprentices (120) go through a double or triple programme, which adds electrical and electronics skills to mechanical training. For those doing all three, the learning time is doubled to at least six years, with wages, instruction and equipment costing Deckel some DM 200,000 per person.

"I say that's worth it," asserts Lundkvist. He added the electronics part of the scheme. "You can't go out in the open market and find these people. It's clear we had to make this commitment."

Most of the apprentices stay with Deckel, which gives the top ones attractive jobs in installation, service, and quality control. As a leading company in its industry, it is less prone to having people poached away than are smaller manufacturers.

On the production side, Lundkvist has badgered his staff to achieve low manning, short machinery set-up times, and quicker manufacturing speeds. "It's very undramatic," he says. "There's no one single thing. It comes down to a very hard-nosed attitude to get behind anything that disturbs productivity."

The hard-nosed approach is likely to become more vital in 1987, with growth harder to achieve. Latest industry figures show that new orders have begun to tail off. The strong D-mark is blunting West Germany's exporting edge and domestic buyers of machine tools are thus showing less willingness to invest.

Also, with the yen higher against the dollar, Japanese companies are finding it harder to sell in the US, where protectionist feeling is also on the rise. Lundkvist reckons they will again switch their attention to Europe.

"Any machine tool builder is vulnerable in every sector it is in," he observes. "We should all expect tougher times." But the increased caution does not mean that Deckel or its German rivals are trembling. "I expect competitive companies to do well, and I expect Deckel to do well."

Tremendous attention to detail

"IT IS A German syndrome," says Leif Lundkvist, the 50-year-old Norwegian who runs Deckel. "Any time you get German technicians excited about a technical problem, you're likely to end up with the right solution."

Since Deckel, like many other European machine tool concerns, was flat on its back a few years ago, Lundkvist knows what it has been through and what exertion it has taken to recover.

Lundkvist himself was not there during the really bad times. But he has enough experience of German industry to admire what he calls its "tremendous attention to detail." West German managers, he says, "are very thorough. When they do their homework, they do it very well."

He is also impressed with the way Germans carry their technical thoroughness right through from research to manufacture. "They are excellent in engineering and technology, they do a magnificent job in R and D, and they are very good in the installation and use of high technology production equipment."

He recalls the harsh times of the early 1980s, when the Japanese producers came into Europe and knocked the industry sideways. The Germans and Swiss, in particular, picked themselves up with a struggle. At the 1982 Hanover machine tool exhibition, the Japanese virtually stole the show. But in 1985, "it was dominated by the Germans and the mood was upbeat."

Lundkvist came to Deckel three years ago after a career on both sides of the Atlantic. The Deckel family plucked him from Stuttgart, where he was managing director of Werner und Pfleiderer, a palstics and chemical machinery company.

His move to Deckel, he says, was part of "an orderly process of separating capital from management." Previously chaired by Michael Deckel, in his mid-40s and now deputy head of the supervisory board, the company wanted someone who could take it through the next, technologically challenging and financially demanding, phase of the machine tool sector.

Lundkvist's international background clearly impressed the Deckel family. Born in Oslo, he went to the US to fill out his qualifications with a degree in engineering and an MBA at Denver.

While there, Lundkvist, who still wears a thick Denver University ring, helped pay his bills by giving ski instruction on the Colorado slopes.

These days, he has little time for skiing, though he likes to relax sailing, windsurfing, or playing the folk guitar. With his self-confessed hands-on management style and regular travelling, outside activities tend to get neglected.

"It is a style he learnt from US companies, both in America and Europe. He spent nine years with John Deere, the big farm equipment group, where he was involved with machine tools and production planning and implementation. His last job with Deere was technical director of its Mannheim plant in Germany.

He followed this up with seven years at Cincinnati Milacron, the largest US machine tool producer. He was managing director of CM's subsidiaries in Austria, England and West Germany.

All in all, he reckons, "I've gone through a long time of tough experience-gathering." As for his time at Deckel, he quips as he surveys the new equipment at the Munich plant: "I'm a very expensive guy. I have invested a lot of money since I got here."

W H Smith bridges theory and practice

THE PROBLEM with management courses at universities and polytechnics is that they are irrelevant to what actually goes on inside companies. The problem with in-house company management development programmes is that they are often sub-standard and insular.

These two views are no doubt extreme and simplistic. But with a quibble here and an exception there, many observers of management education subscribe to them.

Even Keith Alan-Smith, head of the Oxford Polytechnic's School of Business, concedes that academic management qualifications "inspire little confidence among those who appoint managers, since they merely certify academic success. They confirm nothing about the holder's ability actually to manage anything."

Oxford Polytechnic and W. H. Smith, the UK newsagents chain, have now decided to get together to bridge the gap between management theory and practice. They have concluded an agreement under which W. H. Smith managers who complete in-house training will accumulate credits towards a polytechnic qualification. The agreement between the two organisations is the first of its kind in the UK.

Although W. H. Smith's 2,000 managers will be able to accumulate academic credits, actually getting the qualifications will require additional study and project work, set by the polytechnic.

The managers will be able to work towards three qualifications. The most junior of these will be a certificate in management studies, followed by a Diploma in Management Studies. At the most advanced level, managers will be able to complete a Master of Business Administration degree.

Peter Bagnall, W. H. Smith's managing director, staff and services, accepts that having gained such qualifications, good managers might move on to other companies. On the other hand, having the opportunity to embark on these studies "may be a very strong reason for staying with us."

There are signs that there might be the start of a trend. Two other major companies are understood to be close to reaching similar agreements.

Michael Skapinker

THE PROPERTY MARKET By PAUL CHEESERIGHT

From banana shed to multi-purpose arena

THIS IS the tale of a banana shed; a tale of co-operation between public and private sectors; a tale of leveraging £2 into £20m; a tale of enterprise zone economics and politics. It might even have some lessons for the drive to regenerate the inner cities.

The banana shed is a relic of the imperial past, close to the River Thames on the Isle of Dogs in London's docklands. It is now the base of what the blurb calls: "London Arena, London's first-ever custom-built multi-purpose venue . . . with a seating capacity of 12,000 . . . available for major concert and sporting events." Opening date is September next year.

The project was presented to the sporting press this week, some five years after the London Docklands Development Corporation (LDDC) offered it to one man to see whether he could conjure up a sports arena the better to balance development in the Docklands enterprise zone.

That man is Malcolm Selsdon, self-confessed "nutty peer," enthusiast, sports administrator, entrepreneur, Midland Bank consultant, and Middle East trade specialist who pulled the strings to win for British contractors the huge Cairo waste-water project.

The LDDC advanced the idea of the sports centre, he recalled "when it had plenty of space, before the tremendous success of the enterprise zone had led to the development of offices right across the board."

It was at that stage that Lord Selsdon set up a £2 private venture company to be the vehicle for the development which was about to unfold.

The putative sports centre had a site at a peppercorn rent but no money to develop it and nobody to run it.

At first it looked as if London Arena could come into being at a cost under £6m and the notion of a joint venture — half public finance, half private finance — brought into the same camp such odd partners as the Environment Department, the then left-wing Borough of Tower Hamlets, the Sports Council, Bovis, GEC and Mecca.

It was a false dawn, because Bovis, once it had started the construction work, found that the cost of piling had been badly underestimated and the Bradford City football ground fire disaster led to a tightening of safety regulations. Costs escalated to £10m and Kleinwort Benson, the investment advisers, found that major corporations were not interested.

Lord Selsdon picked up the financing mantle himself. The key point in devising the structure was to make the maximum use of enterprise zone allowances — the 100 per cent building allowance, for example. He ended up with a securitised property.

The only equity in the project is held by London Arena Ltd — £2m up front and £2m more to come. This company manages the project. Its shareholders are Allied Entertainments, the group run by Harvey Goldsmith, Frank Warren Promotions which specialises in boxing, and Docksport, Lord Selsdon's own company. Lord Selsdon is chairman of London Arena.

Lord Selsdon and an across-the-dock view of the London Arena.

Public sector grant money and donations from athletic bodies have been turned into charitable loans in the form of non-interest paying community bonds. That accounts for £3.1m. Initial investment by Bovis, GEC and Mecca — £3m — has been turned into £1m of bonds for repayment in 1992, but with interest rolled up. The notional compound interest rate of these "sporting bonds" is 12 per cent.

Although Mecca is pulling out, Bovis and GEC have the carrot of more construction and mechanical and electrical contracts.

Security Pacific Euro Finance is providing construction finance against the security of the land, which holds an office development permit and Arbuthnot Leasing International is putting up £2m for equipment. The building itself is being sold to Barclays Mercantile Industrial Finance, which is leasing it back to London Arena which has the opportunity to buy it back over 15 years.

Here then is a £20m plus package, the wrapping up of which provided a field day for the lawyers as each of the players brought in its own team. But it will not be final.

Earlier this year, Lord Selsdon thought the only thing left to arrange was a few minor details on the construction contract with the LDDS — like shifting the frontage of the building. It proved more difficult.

As the LDDC explained, the nature of the project had changed. It had become concerned about safety issues after Bradford. It was also anxious to safeguard the community and sporting aspects. It was worried about car parking because of the arena's proximity to residential areas.

Lord Selsdon's path seemed blocked until a few days ago. There followed a 23-hour negotiating session with the LDDC which ended with the planned opening date of the arena still in place but with two more projects tacked on:

First: offices, any proceeds from which would be ploughed back into the arena. Lord Selsdon is setting up a new company — Arena Air Space Developments — to push that forward. It could involve a further 300,000 sq ft of space.

Second: a 2,000-place car park with access under the arena and stretching under the Thames. How that will be brought about or who will build it, is not clear.

At any rate, "the shed is dead," as Lord Selsdon put it, subsumed in a 161,000 sq ft main arena with blocks of 40,000 sq ft at either end for community and supporting facilities.

The arena project has led to the concept of the adjacent Brunel Centre, offices, and a 250-room hotel to be run by Scandic, the Scandinavian group. The Brunel Centre is a joint venture involving British Land, Comcap, a computer company in which Lord Selsdon is involved, and MBO, the Dutch Bank.

It sprang from Lord Selsdon's perception that the arena needed an adjacent hotel and a medical centre. Paying for that brought in the office element.

But had he known what he was letting himself in for, Lord Selsdon would probably not have allowed himself to be, as he puts it, "volunteered" for the project. "The Cairo waste-water project was easy compared with this. It's the hardest thing I've ever been involved in," he says.

Problems of unstoppable momentum

CREATION of the London Arena provides some evidence that London Docklands is beginning to mature as a community.

"The momentum is unstoppable," according to Mr Tony Grant of Grant and Partners, one of the firms of surveyors active in the area. But the momentum brings its own problems and Knight Frank and Rutley have warned that development has started to outpace the provision of transport.

Mr Grant has highlighted three other problems that he would like the London Docklands Development Corporation (LDDC) to consider.

One, which the LDDC can do little about is the danger of overheating in the residential market. "The rapid rise of prices is being fuelled by speculation and in some parts the market is well ahead of genuine purchasers for owner-occupation," Mr Grout says.

The second problem, he says, is the reluctance of the LDDC to cater for warehouse/distribution centres and light industrial service depots.

Third is a fear that the LDDC is prepared to reduce its car-parking standards. If parking is inadequate, letting will become more difficult and investment values will be affected, he says.

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FINANCIAL TIMES

SURVEY

Friday April 10 1987

This once thriving Black Country town has launched a series of initiatives to cope with the huge loss of industrial jobs and fundamental changes in its economy. The aim is to reverse the process of decline by attracting new investment, working in partnership with other boroughs, **Arthur Smith** reports

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Wolverhampton puts its best foot forward—sport for all at the Olympic-standard Aldersley Stadium

Heading into a positive future

PERHAPS nothing sums up better the plight of Wolverhampton, once one of the affluent industrial towns in a booming West Midlands, than its football club. Wolverhampton Wanderers, whose successful teams of the 1950s and 1960s brought the glamour of European football to Britain, now wallow in the fourth division.

The future of the club, which has twice slid into receivership in recent years, now hangs largely on the outcome of a planning inquiry due this summer into whether an Asda superstore should be built next to the famous Molineux ground.

In the days when Wolves brought glory to a town that made the metals and parts to feed the voracious appetite of the car, motorcycle and commercial vehicles industries, a worker could leave his factory on a Friday, hear of a couple of job offers on his visit to Molineux and be working somewhere else for higher pay by the Monday morning.

The present position is stated starkly in "a community audit" conducted by Wolverhampton council:

"In about a decade the borough has moved from full employment, perhaps deceptively healthy-looking local economy and relative prosperity for nearly all its working inhabitants, to massive factory closures, some 22,000 people out of work, 37,000 households on supplementary benefit—and for many people a loss of hope for a decent career, income and lifestyle. Despite all the efforts of the council and other agencies the unemployment trend generally remains upward."

Wolverhampton, a 20-minute train journey from Birmingham through the industrial Black Country, has a population of about 250,000. It has been the main market town for south Staffordshire since the thirteenth century, regarding itself as distinct and separate from Black Country neighbours such as Walsall, Dudley and Sandwell, and now serves a shopping and business centre for about 1m people.

But the audit pulls no punches, pointing out that "Wolverhampton is currently undergoing fundamental changes in its economy, its social structure and its environment." Attention is focused upon the decline in major industries—jobs in manufacturing have halved to 38,000 since 1971, with 12,000 disappearing in just four traumatic years during the latest recession.

While nationwide there has been a compensating climb in service industries, Wolverhampton has seen even that sector slide. Unemployment now stands at 20 per cent.

The audit notes that the burden has not been shared equally, with particular groups such as the young, women, black people and the unskilled hit harder. "Disturbingly, over 13,000 people have been unemployed over a year, of whom nearly 9,000 have been jobless for more than two years."

But even against that background, Mr Mick Lyons, 37-year-old chief executive of Wolverhampton Borough Council, is positive about the prospects: "The town has a lot going for it in terms of its traditions, enterprise and labour skills," he says.

The point is endorsed by Mr Derek Evans, president of Wolverhampton Chamber of Commerce, who talks of a growing mood of self-confidence.

Mr Richard Bulley, of estate agents Bulleys who managed 2m sq ft of industrial space in the area, reports a strengthening in the market throughout 1986: "People tend to focus on the bad things about Wolverhampton, but the outlook is one hell of a lot better than for some years. We are on the up curve."

Mr David Tromans, partner n an agency specialising in retail property, is similarly optimistic. He points to the £4m refurbishment of the Manders shopping centre now under way and "a vote of confidence" by Sainsburys which is moving to a much bigger town centre store.

Mr Lyons, whose appointment just over two years ago marked the start of a shake-up in the way the Labour-dominated local authority services were organised, stresses the key role of the council: with 15,000 workers it is by far the town's largest employer. The aim has been to launch economic initiatives and boost the image of Wolverhampton to attract new investment and jobs.

He says: "The council recognises that future economic performance is the key issue on which virtually all other issues depend and that a reversal of the process of decline is essential. That is our top priority."

A whole battery of schemes has been assembled to supplement the grants available since the town was given assisted area status in November 1984. These range from business start-up funds and marketing support for small companies through to agencies to encourage cooperatives and community businesses.

The Wolverhampton action plan has just been launched to bring forward the development of key industrial locations, including plans for a business park on a 63-acre site.

Mr Lyons emphasises the need for private sector backing to create a balanced and competitive portfolio of industrial sites and building both to encourage growth by local companies and attract newcomers.

Mr Lyons also looks to an informal partnership with the three other Black Country boroughs to press the Government for more funds to tackle the problems of urban dereliction. He believes the four boroughs must continue to seek to achieve consistency in their policies and provide a united voice and lobby.

Wolverhampton has been excluded from the boundaries of the proposed urban development area to be established in the Black Country by the Government.

Orders for the creation of the development corporation will be laid before parliament before Easter and a provisional budget allocation has been made of £160m over a seven-year period. This Government money is in addition to existing funds for urban programmes and derelict land.

Mr Lyons says the proposed area of less than 6,000 acres is confined to parts of Walsall and Sandwell with the most acute problems of dereliction. "Wolverhampton is not unduly concerned. We believe the focus is right and that is the most pressing area. We can tackle the issues of Wolverhampton ourselves."

Stressing the need to develop the partnership with the other Black Country boroughs, Mr Lyons points to a range of joint initiatives already under way. These include programmes for derelict land clearance and the development of tourism.

Also in the pipeline are proposals to establish a venture capital fund to encourage the expansion of small and medium-sized companies and a joint bid to the European Commission for a contribution to a five-year spending programme of between £50m and £100m.

"Wolverhampton enjoys a lot of advantages and is starting to make things happen," he says.

Basic Facts

Population:	250,000
Local authority: Wolverhampton Borough Council, Civic Centre, St Peters Square, Wolverhampton	
Telephone	0902 27811
Business initiatives and assistance: Contact Philip Wilson	
Chamber of Commerce: P. Coles Johnson	0902 26726
Airports: Birmingham International (30 mins); Manchester Ringway (under 30 mins); Halfpenny Green, private flights (6 miles)	
Education: Wolverhampton Polytechnic	0902 27371

Passion of an unusual leader

MICK LYONS, former market stallholder, Labour politician, university lecturer and civil servant, has been chief officer of the borough council with its multi-million pound budget and 15,000 strong workforce for more than two years now—and he is still only 37.

He is scornful of the idea that he might be a career local government officer equally able to transfer to a South Coast authority such as Brighton: "I am an urban local government official concerned with the issues of de-industrialisation, high levels of unemployment, race relations and all the challenges presented by a town like Wolverhampton."

His passion and commitment are apparent: "We have started something special in Wolverhampton and I intend to see it through," he says.

His aims are not merely to bring new jobs and industry to the area but to develop community spirit and make local government responsive to what he calls "the customer."

"We have launched a training initiative to spread through the whole administration. We might have more than 250,000 ratepayers but there are also the people who shop and work in Wolverhampton.

"We must look upon these people as customers who pay for our services—not necessarily at the point of delivery. These are people able to judge for themselves and put a value on our services."

For example, the local authority has begun surveying public opinion about the treatment given by counter staff in departments such as housing and rates. "We will be judged at that point. We are only as good as the service they give."

The changes to the management structure of the local authority have certainly been profound since the Labour-controlled council decided in 1984

Continued on next page

The scale of recession has forced the Black Country towns to form a partnership to attract the resources they need

A joint approach strategy

WOLVERHAMPTON HAS traditionally spurned association with its Black Country neighbours of Walsall, Dudley and Sandwell though they share the common heritage of 200 years of industrialisation, of coal mining and metalforming.

The four metropolitan districts of the now defunct West Midlands County Council spill over 140 sq miles with a population of more than 1m. But they are each firmly parochial with their own differing accents and specialist trades whether motor components at Wolverhampton, locks at Willenhall, leather at Walsall or nuts and bolts at Darlaston.

The very scale of recession in recent years that has swept away jobs, factories and companies has forced the four neighbours to seek common ground.

The four districts in 1984 commissioned a study from Colin Buchanan and Partners which pointed to "the collapse of manufacturing industry" and the "devastating fall in jobs." It recommended the formation of a development agency to raise funds from both central government and the European Commission.

Such a body was thought necessary to coordinate efforts and to counter the strident and powerful voice of nearby Birmingham.

While the leaders of the four districts continued to meet informally, action was not taken on the Buchanan report because of preoccupation with a more immediate issue — the proposed abolition of West Midlands County Council, which came into effect last April.

The issue remained live however with the authorities urging the need for additional resources to tackle the work of urban regeneration while arguing that they were best qualified to carry out any programme.

Concern that the government might be considering imposing an outside body on the area turned to alarm with the announcement last October by Mr Nicholas Ridley, Environment Secretary, that an urban development corporation was proposed for the Black Country.

Such corporations are given wide-ranging powers to acquire, reclaim and dispose of land and property and provide all forms of infrastructure and services.

However, the united hostility of the four districts to the proposed new body was blunted earlier this month with the announcement of the boundaries for the urban development area. The designated area is confined within the boroughs of Walsall and Sandwell and consists of a wedge of land of less than 6,000 acres stretching from Junction 10 of the M6 in the north to Junction 2 of the M5 in the south.

Mr Lyons is relaxed about the decision: "Wolverhampton is not unduly concerned. We believe the focus is right and that is the most pressing area. We can tackle the issues of Wolverhampton ourselves."

Opposition from the districts most affected is likely to be quietened by the fact the government has indicated that up to £160m of funds will be made available over the next seven years in addition to the existing urban programme and derelict land money.

Mr Lyons believes Wolverhampton's interests can best be pursued by developing the informal partnership with the Black Country boroughs. The loose organisation has been put on a more formal basis with approval for a joint advisory committee comprising three councillors from each authority. There is provision "at the appropriate time" to invite four active industrialists on to the advisory body.

The role of the committee will be to develop a strategy for the Black Country and monitor its progress although implementation of schemes will be largely the responsibility of the parent authorities.

Mr Lyons maintains that the four authorities acting jointly can provide a united voice and a powerful lobby. He points out that the combined total of urban programme aid to the boroughs is less than £14m and yet Birmingham with a similar population gets about £25m a year.

Examples of existing co-operation are provided by the fact that the boroughs already submit their derelict land projects as a single programme and by a joint initiative to promote tourism.

Far more ambitious are proposals to draw up jointly a five-year £50-£100m programme for consideration for assistance with funding from the European Community. The European Commission has said it will consider "national programmes of community interest" involving major road works and infrastructure projects as part of a package of economic regeneration.

The Black Country boroughs are contributing equally to the £100,000 cost of appointing consultants to draw up the programme.

Mr Lyons also focuses attention on what he describes as "a new and exciting initiative" for Wolverhampton to join with the other boroughs and the West Midlands Enterprise Board to set up a venture capital fund.

He says one of the reasons for the council providing such a wide range of assistance to industry is to fill gaps in the private sector's provision of finance for companies. There is a particular need, he says, for equity capital of between £25,000 and £50,000 for new and young companies.

It is proposed that each district would contribute £50,000 to be matched pound for pound by the enterprise board. Such a fund would be helpful to a broad range of companies and would help secure or generate new jobs.

Mr Lyons adds: "As a local authority, we have the expertise and detailed knowledge to carry out economic regeneration without the intervention of outside agencies."

Inspecting finished tyres at the Goodyear factory.

Initiatives for investment

WOLVERHAMPTON COUNCIL has made economic regeneration its top priority. The array of initiatives launched to attract investment, create jobs and improve labour skills include:

Business start-up scheme
Aims to generate employment opportunities in new businesses. Grants up to £2,000 are available depending on the number of jobs created. The council is particularly anxious to encourage innovative products and processes and co-operatives.

Urban development grants
Provided jointly by the council and Department of the Environment. Intended to enable development where the current level of return is not adequate for a scheme to go ahead. The needs of the local area, the general impact of the project and the extent of job creation or safeguarding existing employment are considered.

Industrial improvement area
A number have been declared in Wolverhampton giving loans and grants towards conversion, improvement or modification of commercial or industrial buildings.

Conservation grants
Provide assistance towards works on buildings of architectural and historic interest within certain areas.

Employment development scheme
The council is able to assist projects with a financing requirement which cannot be met from another source, where a net gain to the town, including job creation or maintaining existing employment, can be demonstrated.

Marketing development scheme
Specifically designed to assist smaller businesses in the development and implementation of a marketing strategy.

Wolverhampton property guide
Aims to include all available properties to buy and rent, both in the public and private sectors.

Wolverhampton Enterprise Limited
A relatively small council-backed enterprise agency. Some 1,200 clients, half of whom were unemployed, have been given business advice. Research demonstrated 40 per cent went on to develop their idea.

Black Country co-op development agency
A local business advice agency which assists the development of both prospective and established co-operatives. The agency, funded jointly by the boroughs of Wolverhampton, Walsall, Dudley and Sandwell deals with inquiries from throughout the Black Country on a free and confidential basis.

Regional selective assistance
Designation of Wolverhampton as an intermediate area has made virtually all manufacturing and some service sector companies eligible for grant aid for specific investment projects which create or safeguard jobs.

Co-operative support grant
The council, through the inner area programme, can make grants of up to £1,000 to assist the establishment of co-operative enterprises which locate in the borough.

Community business
Enterprises owned and controlled by the local community, and which aim to create permanent jobs for local people through trading activities. Surpluses are either re-invested in the business or used for community benefit. This new form of social ownership is developing rapidly in Scotland. The council provides financial help for detailed research, feasibility studies and business plans.

Technology
Informal introductory training in microcomputers is provided in 12 centres. Funded by the council through the inner area programme, the scheme aims to increase awareness about computers in the adult population and provide local community access to microcomputers.

Printing industry
Technical change has proceeded rapidly in the printing industry. To promote retraining, the council is offering a grant to companies *which agree to take on an* unemployed printer.

Clothing industry
A local collaborative project, along with Birmingham council and clothing firms, which aims to identify the industry's training needs.

European Social Fund
The council through the European Social Fund for this year will offer more than 2,000 training places at a cost of £2.3m. The schemes, either council-run or supported, are designed to offer a wide range of vocational training for those groups most disadvantaged in the labour market such as the young unemployed, the long-term jobless, women and people with disabilities.

Passion of an unusual leader

Continued from page 1

to create the somewhat inelegantly-named post of Principal Officer and Policy Co-ordinator to succeed the former chief executive and town clerk.

Mr Lyons explains that among the council's aims was the desire to differentiate the policy advisory role from legal advice and committee administration. Higher priority was sought for policies such as economic development, equal opportunities and public relations.

"They wanted to open up the administration. Lawyers as a profession probably tend to be more concerned with powers and procedure rather than pressing ahead and getting things done."

Labour, which currently has *37 councillors against 19 Con*servatives and four Liberal Alliance, has held power continuously for the past 14 years.

The key personality throughout that period has been Mr John Bird who has led the Labour group from a Left of Centre position—unusual in *local government* terms for a man of his generation.

Mr Bird adopted an open style during a period of dramatic economic and social upheaval that saw the character of the Labour group change.

In common with other urban areas councillors tend to be younger and more often women, and from white-collar, rather than manual, backgrounds. More than a quarter of the Labour members now have teaching or graduate qualifications.

There are four councillors from ethnic minority groups in the Labour group with Bishan Dass this year becoming the first Indian in the country to take mayoral office.

Mr Lyons' background was certainly as unconventional as the new post. A working class *lad from London's East End*, by the age of 12 he was supplementing the family income as a kennel boy at a greyhound track.

He seemed on target for an entrepreneurial career selling bric-a-brac from a market stall before embarking on a four-year *sandwich course in economics* at Middlesex Polytechnic.

After a masters degree at London University he lectured in labour economics at Nottingham University before joining the Civil Service with the Department of Environment in Birmingham. He worked on *urban programmes* in the West Midlands: "Local government seemed to be the place where it was happening, where there was an opportunity to apply economics in an industrial setting and manage change."

A move to the treasurer's department of West Midlands *County Council made it possible* for him to enter politics actively and he represented Labour on Birmingham City Council.

Mr Lyons' promotion within the county council to head the highly-interventionist economic development unit with a staff of 80 and a budget of £17m a year *proved the steppping stone to* the Wolverhampton job.

Economic regeneration is the council's top priority and Mr Lyons has drawn upon his experience to introduce a whole range of schemes to promote new businesses.

But he is equally concerned that, given the scale and complexity of the problems faced by the borough, limited resources should be deployed most effectively. To that end a community audit has been introduced under which all council committees are required to define policy objectives, establish priorities and monitor the outcome of programmes.

The aim is both to measure the effectiveness of programmes and the value for money—factors which Mr Lyons says must be crucial to future policymaking.

But he is looking not just for efficiency from local authority staff but also for an example to the community of equal *opportunity in the workplace.*

He argues: "Why should we not try to make Wolverhampton council really reflect the community it is working for? Women make up 60 per cent of the non-teaching, non-manual staff but few of them are in the highly-paid jobs. *Many Asian and Afro-*Caribbean people live in Wolverhampton but very, very few work for the council."

Mr Lyons says: "We are the biggest employer by far with 15,000 out of a 100,000-strong workforce. We have to give a lead."

Mick Lyons: making local government responsive.

Shopping

Shift in retail patterns

WOLVERHAMPTON as a shopping centre is second only to Birmingham in the West Midlands region in its size and spending power. But the shops that for decades have dominated much of the Black Country, attracting customers from Staffordshire and Shropshire, are now threatened.

Just four proposals for shopping centres in the Black Country alone could swamp the local market and create a big shift in retail patterns.

Of most immediate concern to Wolverhampton, which has about 2.5m sq ft of retailing, is the 1.75m sq ft Merry Hill development in the nearby Dudley enterprise zone. The Richardson brothers, Dudley entrepreneurs, gained outline planning consent last May for a 1.2m sq ft addition to their existing 550,000 sq ft scheme which would establish Merry Hill as a full-scale regional shopping centre.

Wolverhampton council, understandably vigorously opposed to the project, is seeking to take the Environment Secretary to the High Court for not calling in the scheme for inquiry. But the chances of stopping the project must be remote; Merry Hill is likely to forge ahead.

To further cloud the picture, Sandwell council has given outline consent to Color Properties for an integrated leisure and entertainment complex including 2m sq ft of shopping. The scheme, Sandwell Mall, on the site of the former Patent Shaft steelworks at Wednesbury, would include six department stores and up to 600 shop units. Parking for 12,000 cars is included.

At Walsall, two alternative planning applications—the larger for 900,000 sq ft of shopping—have been submitted for a site at Reedswood, close to junction 10 of the M6.

Even closer to home for Wolverhampton, the Richardsons have been investigating the possibility of a massive retail and leisure complex on the racecourse near to the town centre.

But the sudden popularity of new regional shopping centres, fuelled by the increased willingness of the financial institutions to fund out-of-town schemes, extends beyond the Black Country. It raises fundamental issues following the abolition of the West Midlands county council, the former strategic planning authority.

Wolverhampton along with the six other metropolitan districts of the former county, have appointed Drivers Jonas, the London surveyors, to give advice on what sort of concerted response is necessary to the rush of big applications. These include plans for a 500,000 sq ft shopping centre on Cranmore Industrial Estate, Solihull, and a 900,000 sq ft project for the Fort Dunlop site, close to the M6 and four miles from Birmingham city centre.

An interim report from Drivers Jonas is thought to recommend that now consents have been given to Merry Hill and Sandwell Mall no other permissions should be granted unless it is shown that one or both of these schemes will not proceed.

The surveyors point out that the six biggest schemes proposed within the old West Midlands county have a potential turnover of nearly £850m — equivalent to one third of all the non-food retail spending in existing centres throughout the county and surrounding area.

Drivers Jonas notes that the schemes are speculative and competing for the interest of key retailers and for investment funding. Clearly, even if permission were granted, all the schemes could not go ahead.

Drivers Jonas cautions against total resistance to out-of-town schemes which, if properly located, could contribute to the regeneration of the older urban areas. But the surveyors warn that a total "laisser faire" approach could have a damaging impact until the market reached a new balance.

The surveyors recommend planned intervention to limit the scale of development to that which the growth of spending can support, ensuring also that schemes reinforce the objectives of urban renewal.

The need "to maintain and wherever possible increase the attractiveness of the centre to shoppers" is repeatedly emphasised in the borough's recently-published town centre plan. It talks of the need to accommodate changing retail trends and shopping habits.

The plan argues that "the ease and enjoyment" derived from a visit to the town centre is going to be increasingly critical to future success. It proposes "enlivening" the environment, extending paved areas and improving the parking.

The decision by Manders Holdings, to spend £4m refurbishing the Mander Centre built in the late 1960s is a welcome boost. Work has already started on the complex with its five stores and 130 shops. The project, is scheduled for completion by Christmas.

Mr David Tromans, a partner of estate agents Michael Tromans, says the Mander refurbishment is attracting new tenants. Demand for shop units in Wolverhampton has improved sharply over the past 12 to 18 months, particularly in the prime area formed by the Mander and Wulfrun centres, Dudley Street and Victoria Street, he says.

"The Merry Hill development is clearly in the back of everybody's mind but Wolverhampton is large enough and attractive enough to handle the competition."

Sainsbury's decision to move to a much larger town centre store has been "a vote of confidence" in Wolverhampton. The main constraint on new development in the central shopping area is the lack of suitable sites within the inner ring road.

To attract a second large food store to the town centre, the council has relaxed its controls to give planning consent to Asda for a 10-acre site to the north of the Molineux stadium.

However, the Environment Secretary has called for an inquiry to examine how circumstances might have changed since 1984 when his department upheld a council planning refusal for a store on the site. The result of the inquiry, scheduled for June, is expected by the end of the year.

Wolverhampton's Big Companies

Company	Turnover £m	Year end	Holding Company	Sector
TARMAC	1,570	12.85	—	Building
GOODYEAR TIRE	269.9	12.85	Goodyear (US)	Tyres
WOLVERHAMPTON & DUDLEY BREWERIES	103.5	9/85	—	Brewing
PHILMAC OILS	77.9	12/85	Phillips Petroleum/Tarmac	Refining
GT CENT MERCHANTS	77.2	3/85	—	Building
SEAMLESS TUBES	75.2	3/85	British Steel	Tubes
MANDERS	49.3	12/85	—	Paints
FALCON	38.2	12/85	—	Tools/engin.
MARSTON PALMER	28.4	12/85	IMI	Engin.
C. I. GROUP	27.5	1/86	—	Engin.

New company formations

Pre-1982	1982	1983	1984	1985	1986
2,673	320	326	346	331	319

Companies by size of turnover

Less than £1m	£1-4m	£5-9m	£10-24m	£25-49m	£50-99m	Over £100m
197	43	18	17	6	8	6

Source: Jordan Information Services, Jordan House, Brunswick Place, London N1 6EE

Profile: Manders Holdings

Expansion adds bright new sheen

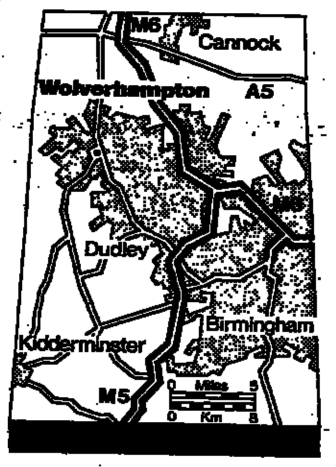
THE STOCK MARKET is taking a sunny view of Manders Holdings, the paints, printing ink and property group that has been a leading name in Wolverhampton for more than 200 years.

The share price has surged over the past 12 months, boosted initially by takeover rumours but buoyed by the changes being pushed through under a new management team. Investment is under way to improve productivity, cut costs and increase market share. Acquisitions are being sought.

"I have just bought £5,000-worth of shares at 330p and I am looking for an improvement," chuckles Mr Roger Akers, chief executive operations. He points out that when he took up his appointment in January last year the price was languishing at around 180p.

His task is to expand the trading side of the group and reduce the dependence on property income—though growth is even sought there.

The 1986 results are not due for a day or two but the 1985 figures illustrate the position clearly: rental income (mainly from the Mander Centre shopping complex in Wolverhampton) accounted for about half the profit but turnover was split between roughly £30m on decorative products (paint manufacture and merchanting of tiles and wallcoverings) and £20m on printing inks and industrial coatings.



Mr Akers is a jovial and straight-speaking former Wolverhampton Grammar School boy—"I think that's a necessary qualification to be a director at Manders," he laughs. At 45, he has spent his whole career in the industry starting as a chemist in paint research and rising through the management structure.

He joined Manders from the Wolverhampton operation of Inmont, the international paint company. "I was recruited here to put some heat into the operation. I know what it's like at the sharp end of selling."

Mr Akers maintains that the pace of change has indeed been rapid, both in the nationwide 60-branch distribution network and the three factories in Wolverhampton (with 400 workers), Birmingham (100) and Ruabon (120) near Wrexham.

"We are now in the throes of significant capital investment geared to improving our market position—reducing the cost per litre of the product while selling more."

He points to new work practices and flexibility: a special shift has been introduced to meet rush demands from the printing industry. To sharpen marketing, the distribution network is being refurbished and rationalised and services speeded to ensure regular overnight deliveries.

Mr Akers says: "I have never gone into a company like Manders where so many people are anxious to be involved and make things happen."

The company is one of the oldest paintmakers in the country and can trace its origins back to 1773 when Benjamin Mander and his brother John began their japanning and chemical businesses in Wolverhampton.

There has been a loyalty to the Manders family, though none is now involved in the management. Among employees, sons and daughters have followed their parents into the business. Mr Akers is quick to point out, however, that workers are no longer required to say daily prayers or sing hymns before leaving as they were in the early 1800s.

Manufacture of printing ink began later in the 19th century and the Mander-Kidd name started to become established. More recent are the industrial coatings for which Manders is now developing new technology to expand markets and applications.

"Research and development is the backbone of our business," Mr Akers says. "Anybody can make 'me too' products. To get in first commands a price premium. The money is made by being better by being first into the market or process."

In printing Manders claimed a UK first in providing an ink that dried below 100 deg C—crucial to its use in heat set web offset technology.

More recently, Mander-Kidd met the specification set by Mr Eddie Shah with his new newspaper, Today, for an ink which did not rub off on to the reader's hands in normal use.

In paint Manders was a pioneer in the field of microporous coatings, claiming to be first to offer a complete British range of timber care products which allowed natural wood to breathe.

Manders concentrates its attention on the professional painters and contractors. As Mr Akers explains: "The trade decorator uses many gallons of paint every day. He is therefore a very good judge of quality. If we can establish brand leadership with him it has important marketing benefits."

For Mr Akers the goal is quality: "We compete on quality rather than price to create a profitable business."

Mr Nigel Harrison, of stockbrokers Smith Keen Cutler, takes a bullish view of Manders. The major reorganisation programme introduced over the past 12 months is already having a positive impact on group profits, he says.

"Objectives and targets have been clearly defined and a more positive approach is infiltrating right through the group: all sectors of the business appear to be moving ahead strongly."

He points out that profits next year will see the initial benefit of a major rent review on the Mander Centre, currently undergoing a £4m refurbishment.

Over the subsequent two to three years the benefits of group restructuring will continue to emerge progressively, he believes. A strong balance sheet and positive cashflow give the financial strength to pursue acquisitions and expansions.

Mr Akers says of his ambitions for the group: "I would like to see us move to a £100m-a-year company as quickly as possible." Acquisitions would help. "We are looking at businesses that will have synergy with our paint and ink operations."

There is also scope for natural expansions, with growth coming from attention to service and sales, he believes.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
10	11	12	13	14	15	16

Theatre

LONDON

Les Liaisons Dangereuses (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel is sexy, witty and wise, like a collaboration between Marivaux and de Sade. Howard Davies's sell-out pre-Revolutionary production for the RSC has moved from the Pit.

Misalliance (Barbican): Rarely seen Shaw, and a much underrated play, given the full RSC works by John Caird, a Polish new woman crashing into the surrey conservatory in her monoplane. Jane Lapotaire sparkles alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCabe (628 8795, CC 638 8891).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. *Hal Prince's alert, affectionate* production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

Woman in Mind (Vaudeville): Alan Ayckbourn's new comedy has a brilliant performance by Julia McKenzie as a dissatisfied housewife visited on her own garden lawn by an imaginary ideal family. Bleak but funny, hailed in some quarters as vanguard feminist drama; be not put off by that. (836 9987/5645).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

The House of Bernarda Alba (Globe): Lorca's last tragedy in a successful production transferred to the West End from *Hammersmith*. *Nuria Espert*, veteran Spanisch actress/director, has drilled a high-calibre cast led by Glenda Jackson and Joan Plowright into a near-authentic portrayal of steam frustration in an all-female household oppressed by both traditional catholicism and the *peasant class system. Ultimately it's* all a bit British, but the company provides a roll-call of some of the best actresses around – all eclipsed by the ineffably touching Julie Legrand. (437 1592).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): *The longest-*running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture of feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

The Mystery of Edwin Drood (Imperial): Rupert Holme's Tony-winning resurrection of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks an ending. (239 6200).

Starlight Express (Gershwin): Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

The Mikado (Virginia): The highly praised and well received Stratford Ontario production brings Gilbert & Sullivan back for an encore on Broadway. Ends April 19. (977 9370).

CHICAGO

Pump Boys and Dinettes (Apollo Center): *Facetious look at country music* and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

WASHINGTON

Ourselves Alone (Arena): American premiere of Anne Devlin's drama of three women trying to balance personal and political conflicts in Northern Ireland stars John Leonard, Heather Ehlers, Randy Danson and Christina Moore, directed by Les Waters. *Ends May 10.* (488 3300).

TOKYO

La Tragédie de Carmen: Peter Brook's renewned original production. The Peter Brook Company directed by Brook has been chosen to open Tokyo's newest theatre, the Ginza Saison. By eliminating the usual opera fillers and distractions, concentrating on the main characters and convincing acting and relegating the (conductor-less) orchestra offstage, Peter Brook's version ensures that nothing interferes with the drama and realism. In the five years during which this Carmen has been seen in Europe and the US, Japan has campaigned for its performance here. But Brook rejected every suggested venue. This unlikely modern theatre was accepted because of its flexibility. The newest cultural jewel of the Seibu Group is so deceptively converted into an arena space, complete with red sand floor and plain high walls that it has been made to look like Brook's Paris base, the famed, gutted Théâtre des Bouffes. Other innovations include the civilised 7.30 (8.00 at weekends) start and restaurants for after-theatre dining. Ginza Saison Theatre (535 0556; 980 6666).

Salome by Richard Strauss. Berlin National Opera. Orchestra conducted by Siegfried Kurz. Double cast includes: Herod – Günther Kurth, Peter Jurgen-Schmidt; Herodiades – Gisela Schroeter, Zsuzsa Misura; Salome – Eva-Maria Bundschuh, Cynthia Makris; Jochanaan – Ekke-Hard Walschiha. Set by Wilfred Werz, directed by Harry Kupfer. Tokyo Bunka Kaikan (Wed, Thur). (262 7141).

Music

LONDON

Philharmonia Orchestra conducted by Esa-Pekka Salonen with Cho-Liang Lin, violin. Lutoslawski, Bruch and Sibelius. Royal Festival Hall (Mon). (928 3191).

Royal Philharmonic Orchestra conducted by Paavo Berglund with Horacio Gutierrez, piano. Elgar, Rachmaninov and Beethoven. Royal Festival Hall (Tue).

London Mozart Players conducted by Jane Glover with John Lill, piano. Mendelssohn, Beethoven, Prokofiev and Mozart. Barbican Hall (Tue). (638 8891).

BBC Symphony Orchestra conducted by Dennis Russel Davies with Alfred Brendel, piano. Reger, Schoenberg and Ravel. Royal Festival Hall (Wed).

Royal Philharmonic Orchestra conducted by Paavo Berglund with Boris Belkin, violin. Strauss, Tchaikovsky and Sibelius. Royal Festival Hall (Thur).

London Symphony Orchestra conducted by Gerard Schwarz with Carol Rosenberger, piano and Della Jones, mezzo-soprano. Chabrier, Falla and Ravel. Barbican Hall (Thur).

PARIS

Mirella Freni, soprano, Paola Molinari, piano (Mon). Théâtre de l'Athenée (4742 6727).

Maria Joao Pires, piano, Jerome Grandjon, piano. Nouvel Orchestre Philharmonique de Radio France conducted by Olivier Cuendet: Bach, *Mozart (Mon 6.30 pm). TMP-Chatelet* (4233 4444).

Ensemble Orchestral de Paris' soloists: Debussy, Ravel, Messiaen (Tue). Auditorium des Halles, 5 Porte Saint-Eustache (4562 6757).

Herve Lamy and Jean Belliard, tenors: Couperin's Lecon de Tenebres (Wed). Saint-Roch Church (4261 9326).

Groupe Vocal de France conducted by Helmut Franz: Michel Zbar, Emmanuel Nunes (Wed). Radio France, Studio 106 (4524 1516).

Nouvel Orchestre Philharmonique, Radio France choir and Maitrise conducted by Gian-Franco Mazzini: *Ponchielli's La Gioconda* (Thur). Salle Pleyel (4561 0630).

VIENNA

Mary Burgett, Pamela Mildenhall, lieder, Jean Brom, piano. Wagner, *Nurgett, Schumann, Bösendorfer* Saal (65 66 51). (Wed).

Francois Killian, piano. Schumann, Schubert, Ravel, Chopin. Palais Palffy (52 56 81). (Thur).

NEW YORK

Carnegie Hall: Stern/Laredo/Lin, Tree/Ma/Haimovitz. All-Brahms sextets (Thur). (247 7800).

Julliard Concerts (IBM Gallery): Julliard Singers Vocal Quartet. Mixed programme (Wed, 12.30). 56th & Madison.

Merkin Hall (Goodman House): Indiana School of Music Baroque Orchestra. Stanley Ritchie director, Eva Legene recorder, Paul Elliott tenor. Sammartini, Purcell, J.S. Bach, Handel (Wed); Berenice Lipson-Gruzen piano recital. Debussy, Ravel, Chopin (Thur). 67th w. of Broadway (362 8719).

New York Philharmonic (Avery Fisher Hall): Leonard Bernstein conducting. All-Ives programme (Tue); Leonard Bernstein conducting, Barbara-Hendricks soprano. Christa Ludwig mezzo-soprano, Westminster Choir directed by Joseph Flummerfelt. Mahler (Thur). Lincoln Center (874 2424).

WASHINGTON

National Symphony (Concert Hall): Pinchas Zukerman conducting and violin. Schubert, Prokofiev, Beethoven (Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (*Orchestra Hall*): Leonard Slatkin conducting. Haydn, Donald Erb, Vaughan Williams (Thur). (435 8111).

The Mirador Ensemble (Orchestra Hall): Bruch, Stravinsky, Karg-Elert, Brahms (Mon, 5.45).

TOKYO

Tokyo Symphony Orchestra, conducted by Peter Vronsky; piano, Bruno Leonard Gelber. Beethoven, Dobrowen. Tokyo Bunka Kaikan. (Mon). (270 6191).

NHK Symphony Orchestra, conductor: Uwe Mund, piano, Pascal Devoyon. NHK Hall (Wed, Thur). (485 1780).

Suntory Hall, Akasaka, Placido Domingo with Tokyo Symphony Orchestra conducted by Eugene Kohn. Popular opera arias of Donizetti, Verdi, Puccini (Mon, Wed); Hamburg Radio Orchestra, conducted by Takashi Asahina. Bruckner (Thur). *(505 1010).*

Traditional Japanese music. Ensemble of koto, shamisen and shakuhachi by Kono Kameyama. Works included Nightingales at the Palace and Ocean Currents. ABC Hall, Shiba Park (Tue).

Toin Kai Koto Concert. Works for shamisen and shakuhachi also included. Three Themes of Spring. Toccatta for Japanese Instruments etc. (Wed). (Asahi Seimei Hall, Shinjuku). (Wed).

Opera and Ballet

LONDON

Royal Opera, Covent Garden: Last performances of Aulis Sallinen's The King Goes Forth to France, a Covent Garden/BBC joint commission with the Savonlinna Festival, which receives here a production of spellbinding brilliance and hilarity by Nicholas Hytner, and a musical reading of scintillating dramatic intelligence under Okko Kamu. The cast, uniformly excellent, includes Mikael Melbye, Stafford Dean, Sarah Walker and Donald Maxwell. Strongly recommended. The production of Otello, new earlier in the season, returns for a further round of performances, this time with Vladimir Atlantov, Rosalind Plowright and Sherrill Milnes as principals and Edward Downes as conductor.

English National Opera, Coliseum: Jonathan Miller's lively, uneven Don Giovanni production is revived with William Shimell and Richard Van Allan returning as master and servant, and Roger Norrington making a welcome, long-delayed return to the Coliseum as conductor. Further performances of the new Simon Boccanegra, with Jonathan Summers in the title role. (836 3161).

Royal Opera House, Covent Garden: The Royal Ballet in Swan Lake followed by Sadler's Wells Royal Ballet with The Sleeping Beauty.

PARIS

Maurice Bejart's XXth century ballet: Malraux or the Metamorphosis of the Gods. TMP-Chatelet (4233 4444).

Montsegur alternates with Elektra conducted by Kent Nagano, in which the violence of music multiplies the atmosphere of folly reign*ing between Clytemnestra* sung by Helga Dernesch, Elektra interpreted by Gwyneth Jones and Chrysothemis by Cheryl Studer/Helene Garetti. Paris Opera (4266 5022).

Spectacle Stravinski conducted by Lothar Zagrosek, production and choreography by Wilfride Piollet and Jean *Guizerix: The Fox*, ragtime, recital of vocal melodies and piano, Mavra. Opéra Comique (4296 0611).

VIENNA

Staatsoper: Rusalka conducted by Neumann with Benackova-Cap, Randova, Sasaki, Sima, Hintermeier; Daphnis and Chloe conducted by Zagrosek; The Firebird conducted by Zagrosek, Parsifal conducted by Stein; Macbeth conducted by Mackerras with Zampieri, Vance, Bruson, Ghiaurov (51 444/26 55).

Volksoper: Polenblut conducted by Bernet; Die Entführung aus dem Serail; Die Weise von Liebe und Tod des Cornets (51 444/26 57).

NEW YORK

Metropolitan Opera (Opera House): The week features Parsifal in Nathaniel Merrill's production which is conducted by James Levine with Tatiana Troyanos, Timothy Jenkins and Simon Estes. La Boheme returns to the repertory conducted by Julius Rudel with Roberta Alexander, Barbara Daniels and Brian Schexnayder in Franco Zeffirelli's production. Other productions this week are Samson et Dalila conducted by Jean Fournet in Nathaniel Merrill's production with Marilyn Horn, Jon Vickers and Terry Cook, and Dialogue of the Carmelites conducted by Manuel Rosenthal in John Dexter's production with Maria Ewing, Jessye Norman, Florence Quivar and James Courtney. (362 6000)

New York City Opera: Continuing its tradition of presenting American *musicals* as a prelude to its new season, the company performs the story of Nellie Forbush and her exotic romance during the Second World War in the South Pacific. Ends April 26. (870 5570).

Exhibitions

LONDON

The Tate Gallery. Turner in the new Clore Gallery: The Turner Bequest, which amounts to nearly 300 oil *paintings, finished and unfinished*, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. Turner had always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more ostentatious age, and the tasteful oatmeal Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

PARIS

French drawings: At the beginning of the 18th century Louis XIV's love of the grandiose gave way to an art more intimate, more pleasing. A new generation of artists around Antoine Watteau introduced colour as well as a lightness of touch into their drawings under the influence of Venetian and Flemish masters. Musee du Louvre, Pavillon de Flore. Closed Tue. Ends June 1. (4260 3926).

Rembrandt: The exhibition of 341 engravings is exceptional for the proofs showing the stages of Rembrandt's creative process and its imaginative presentation. Landscapes, *genre scenes, portraits and auto*portraits and biblical scenes testify to the diversity of inspiration and the technical mastery of the painter who was the first to consider engraving as a autonomous artistic expression. Bibliotheque Nationale, 58, Rue Richelieu. Ends May 3 (4703 8126).

Daniel Buren. Having acquired fame with his controversial columns in the Palais Royal gardens, Buren, obsessed with vertical stripes, has taken over the exhibition spaces of the Musée des Arts Décoratifs. The stripes cover everything from a specially erected staircase to china plates and their dressers, from walls to television screens. The colour of the stripes may vary, but the inspiration does not – and the initial surprise turns quickly into a long drawn-out tedium. Musée des Arts Décoratifs, 107 rue de Rivoli (4260 3214). Ends Apr 26.

Tanis, The Gold of the Pharaohs: Part of a dazzling treasure from the tombs of the pharaohs of Lower Egypt is on view in the Grand Palais. Gold, silver and lapis-lazuli funerary masks, pectorals and ceremonial vases were discovered in the late 1930s in the delta of the Nile, in Tanis, the capital of a country torn by internal strife. Yet the relative improverishment seems to have inspired the royal craftsmen with a restrained elegance which appeals to modern sensibility. Grand Palais, closed Tue, Ends July 20 (4289 5410).

WEST GERMANY

Bonn, Städtisches Kunstmuseum, Rathausgasse 7: A retrospective by August Macke (1887-1914). Born in Meschede, Macke studied in Düsseldorf and Berlin under Lovis Corinth. He did much of his work in Bonn, and was responsible for a new art form Rheinische Expressionisten, before the First World War. His journey in the spring of 1914, with Paul Klee and Louis Moillet, to Tunis became a landmark in art history. In the same year he was sent to the front in France, were he died, aged 27 in action in Champagne, Ends May.

ITALY

Venice: Palazzo Grassi: 'The arcimboldo effect': a curious and stimulating exhibition centred on the neglected 16th century Milanese mannerist painter, Giuseppe Arcimboldo. Much appreciated in his own lifetime for his extraordinary composite portraits, in which the features of the sitter would be composed of the tools of his trade. – Pots, pans and vegetables for the cook (which turned upside-down becomes merely a still-life) or books for the librarian. – Arcimboldo spent most of his working life outside Italy, in the service of three Hapsburg emperors. Included is his arresting portrait of Rudolf II as the Etruscan god Ver-

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Happy End/The Place

Andrew Clements

Happy End was the intended sequel to *The Threepenny Opera* that turned out to be far from happy, closing after just three performances in September 1929. The "musical comedy" (as Brecht and Weill defined it) has never really recovered from that beginning: though several of its numbers have become established among the most celebrated and performed of their songs, it has rarely been staged. The production by Mike Ashman which the St Donat's Music Theatre has brought to London under the auspices of the Camden Festival, is therefore a genuine rarity.

It's a tale of small-time gangsters and the Salvation Army in seedy Chicago, the same fertile ground that would be trawled so successfully 20 years later, transposed to New York and transmuted by Damon Runyon, for *Guys and Dolls*. The theme of American capitalism gone sour on itself is familiar Brechtian territory, of course, but in *Happy End* it seems only to bring the best from him intermittently; the humour is as strictly rationed as the savage irony, and only the ending manages to pack a hefty punch.

How much that is an intrinsic flaw in the work and how much a failure of Ashman's staging to deliver the full weight of the satire, is hard to estimate. Certainly the minimalist set, a miniaturised boxing canvas around which the protagonists hurl themselves with often acrobatic abandon, should have focused whatever intensity there is to be found, but the effect was consistently undone by the songs, which did not, until the final chorus, come close to solving the perennial problem of how to deliver Weill's word-setting in a way that preserves both its musical character and its emotional bite. The expected show stoppers — "Bilbao Song," "The Sailor's Song" and particularly "Surabaya Johnny" — simply failed to stop anything, while the lesser numbers let the tension sag further.

Its hit tunes apart, I suspect *Happy End* will continue to have more significance for chroniclers of the Brecht/Weill partnership than as a repertory work in its own right. Perhaps a top-quality production with carefully selected singers could make it work, but in anything less it will seem tawdry. The St Donat's cast works hard, especially Eric Crocker as Bill Cracker, the gangster who eventually sees the light and comes to the mission, and Rosamund Shelley as the Army girl who rescues him, though she has the hardest job of all in having to deliver "Surabaya Johnny." But neither their performances, nor Wyn Davies's conducting is enough to make it the pungent, memorable evening one dearly hoped it would be.

LPO/Festival Hall

David Murray

The first part of the London Philharmonic concert on Wednesday consisted of Mozart's Flute Concerto in G. It was mystifying how the second part — Bruckner's 7th Symphony — could have got underway only at half-past eight; certainly James Galway had not stretched the Concerto out unduly. On the contrary he was his familiar sprightly self, exercising his knack for suggesting native wood-notes wild with artful tricks of timbre. The conductor Kurt Sanderling seemed to enjoy accompanying him.

From the first rising line of Bruckner's Symphony, with horn and cellos perfectly balanced, it was evident that the orchestra was in its happiest form. It is some time since I've heard major Bruckner so fluff-free: the Wagner tubas later were gorgeously well-tuned and secure, and after three long movements the LPO players sprang featly into the Finale. Sanderling's inspiration there was to make each of the quick successive entries something between a scamper and an excited gurgle, and the execution was impeccably bright. Throughout the performance, the superlative balance of inner parts was proof that everybody was listening to everybody.

Sanderling was at his most benevolent—no air of austerity, and surprising flexibility about tempi (entirely successful, since the Sanderling pulse is always persuasively firm). The first movement was more Moderato than Allegro, and the second not very slow at all; for a while one wondered whether contrasts were too much evened out, but the climax of that Adagio arrived resplendently. Sanderling began the Scherzo with proper dangerous urgency, but allowed its second section to relax each time into a lilting dance, and the Finale was summer-fresh. The *sound* of the entire work was warm, refined and satisfying.

What About Luv?

Antony Thorncroft

While we bombard Broadway with heavyweight musicals like *Starlight Express* and *Les Miserables*, Off-Broadway retaliates with pop-gun revue sketches like *Nunsense* and now *What About Luv?* at the Lyric, Hammersmith. This three-hander, based on the play *Luv* by Murray Schisgal, is as intellectually demanding as a bag of Maltesers.

Set on a bridge in New York City, it deals, of course, with those perennial American obsessions, love and marriage. Harry, energetically played by Peter Kelly, a certifiable loser in life, never happier than when protected by his brown paper-bag, attempts death but is hauled back from the parapet by old school chum, Milt (Jay Benedict). Cue for 17 songs.

Milt's wife, portrayed for no very good reason by Marti Caine, arrives to entangle things a little, and there is that inevitable American musical happening, a song where two perfect strangers fall in love just about in time with the band. It does not require the prescience of Old Moore to guess that the second half will be a re-run of the first half backwards.

It is all pretty painless. The tunes, played at the side of the stage by a trio supervised by Jonathan Cohan, are faintly reminiscent of Hollywood musicals of the 1940s and 1950s, but at least the songs progress the action. Two attempt humour; "Paradise," in which Milt and Harry compete for the worst childhood, and "Yes, Yes, I Love You," when Harry and Ellen test each others' instant love in a Laurel and Hardy routine which sinks Ellen's mink in the river.

The director is Kim Grant. There is enough predictable humour; easygoing playing, and undemanding music to make this an amiable, if aimless, way to pass the time.

Cinema/Nigel Andrews

Menace, masochism and murder

Blue Velvet directed by David Lynch
Star Trek IV – The Voyage Home directed by Leonard Nimoy
Flight of the Navigator directed by Randal Kleiser
College directed by Buster Keaton

"I don't know if you're a detective or a pervert," says squeaky-clean teenager Laura Dern to her boyfriend Kyle McLachlan in *Blue Velvet*. Nor do we, for the length of David Lynch's amazing exploration of an American small town where white picket fences are a portcullis to nightmare. In the film's 120 minutes we travel through menace, masochism, mutilation, murder and every other nasty thing you can think of beginning with the same letter. (Ever since Fritz Lang's *M*, that letter has been the most potent in the cinema's alphabet.)

Kyle MacLachlan and Dennis Hopper in "Blue Velvet"

Lynch's previous trips to the outer edge of weirdness — *Eraserhead, The Elephant Man, Dune* — had built-in shock absorbers. In each film, setting as well as story cued *grand guignol* from the word go (whether Victorian - Gothic London or warring Outer Space) and softened the surprise. But in *Blue Velvet* what horrors can possibly happen, we wonder, to the nice young man (McLachlan) in a peaceful, blue-skied North Carolina town? Even after Dad had a stroke while sprinkling the lawn? Even, indeed, after the boy discovers a severed ear in a field, after visiting Dad in hospital, and takes it to the local police detective?

But already Lynch's camera is starting to do weird things between scenes as if in warning. It probes the lawn where Dad falls to find and magnify the creepy-crawly things beneath. It burrows into the shell of the ear while a thunderous noise swells on the soundtrack. And when a trail of clues leads McLachlan from the detective and his helpful, eavesdropping daughter (Miss Dern) to the mansion-block flat of a cabaret singer who has become a suspect (Isabella Rossellini), he discovers that crime and kinkiness are not confined to the mean streets of a metropolis.

From here on in, you enter the world of horror, and the incision in the body of small-town America will not close again, however many stitches you apply. Miss Rossellini is a frightened girl, marooned in the mauve-and-purple inferno of her apartment, who receives nightly visits from Dennis Hopper. Mr Hopper is a psychopath who excites himself with draughts from an oxygen mask while visiting humiliations on her mind and body. (He also holds hostage her husband and child.) Mr McLachlan at first looks on aghast through the louvered slats of the closet where he is hiding. Later, he is dragged into the horrors himself.

The wonder of *Blue Velvet* is that while bundling you towards the eye of the nightmare, it keeps allowing you backward glimpses at the American dream, so you may weigh the strength and reality of each. Unlike Orpheus, you are always allowed to look back at Eurydice. Miss Dern's pony-tailed girl next-door (in the 1950s the role would have been played by Sandra Dee) never seems less palpable than the traumatised Miss Rossellini, with her stunned, mechanical-doll acquiescence in the games of S-and-M. And Hopper's human ogre, played with a bulging-eye intensity as if he could at any moment explode in front of you, shares the same streets and sidewalks as the smiling fireman, the happily playing children, glimpsed early on in the film.

As I wrote last Saturday, American cinema is currently going into overdrive with Manichaean tales of good versus evil, light versus darkness; as if in the late 1980s the moral universe were peeling apart before our eyes. But *Blue Velvet* is the only movie I have seen in the current crop which has the chilling sophistication to suggest that this battle is not a once-in-a-generation showdown, from whose cleansing apocalypse we can eventually return to normal. Evil, Lynch suggests, is always with us. It lies just under the sunshine on our pavements, just under the white paint on our fences, just under the innocent curiosity which first draws a boy or girl towards the abnormal.

★

It is all a far cry from the galactic gung-ho of *Star Trek IV: The Voyage Home*. This boldly goes where three feature films and umpteen TV episodes have gone before. Winging through space, Kirk, Bones and Spock—who each look as if they have had to let out their uniforms since *Star Trek III*—set out to save mankind from destruction. We are in the 23rd century and an alien space probe threatens to annihilate Planet Earth unless it gets a response from some hump-back whales with whom it is seeking contact. Not time here to explain why, nor to explain how our intrepid space heroes land up in 1980s San Francisco for an adventure involving nuclear submarines, Klingon conspiracies, lady biologists (Catherine Hicks) and, yes, hump-back whales.

There are several merry japes and misunderstandings early on in the film. But it all becomes dreadfully foolish before the end. By final whistle we are urgently seeking release from Mr Spock's ears, Bones's look of rigor mortis masquerading as dry wit, and Admiral Kirk's toupée-topped smirk of frozen campery.

In the Disney film *Flight Of The Navigator* we are travelling through space and time yet again. Travel broadens the mind, they say, though Noel Coward called the proverb "an irritating platitude which strictly *entre nous* is very far from true."

A young boy (Joey Cramer) is whisked up by a flying saucer collecting alien life-forms and returned home eight years later without having aged. He thinks this is a misfortune, though to older viewers it will sound like the best idea since plastic surgery. Soon, however, the young ingrate is begging to be returned to square one, whither the UFO gamely endeavours to transport him. Fleshing out this resistible caper are Mum (Veronica Cartwright), Dad (Cliff De Young), the would-be cuddly alien who flies the saucer and the would-be cuddly life-forms who share its amenities and who mostly resemble reject auditionees from the Muppet Show.

★

At least there is Buster Keaton's 1927 silent comedy, *College*. Despite a sepia-tinted print that seeks to refresh the eye while merely muddying the contrast and clarity of the original, here is the stone-faced accident zone trying to prove his athletic prowess to win his girlfriend. Sporting triumphs are sparse, but laughs are not. And accompanist Adrian Johnston provides a one-man sound experience — piano, percussion, synthesiser, mouth organ and coconuts—you are unlikely to forget.

Sallinen and Prokofiev/South Bank

Paul Driver

In the middle of the Covent Garden run of Aulis Sallinen's opera *The King Goes Forth to France*, his Violin Concerto of 1968 was given its British première at the Queen Elizabeth Hall on Wednesday. It was the novelty in a programme otherwise devoted to Mozart and Haydn performed by the London Mozart Players under Mark Elder. Ernst Kovacic was the highly persuasive soloist.

But not the best of Kovacic's lyrical and interpretive talent (which we were certainly offered) sufficed to make this collection of reasonably pleasant - sounding bits of musical material cohere into what might deserve the time-honoured epithet of concerto. Though around 20 minutes long, the work seemed much shorter, and distinctly concertino-like Each movement struck me as peculiarly foreshortened, but without discernible artistic justification for the brevity.

They were not, moreover, ideas of very deep distinction. The lively part of the first movement was just sudden bounce and resonance—a certain cheapness characterised the material and the effect. The livelier part of the second *(Larghetto)* movement was equally a mere crudification of something out of Musorgsky's *Bare Mountain*. The solo writing throughout — and most noticeably in the cadenzas—fell back on rhetoric and banality. Even the curious combination of vibraphone, harp and pizzicato piano sounds at the start of the *Larghetto* amounted—though skilful — to a cute gesture.

That strangely conceived and constructed work, the *Sinfonia concertante* Op 125 for cello and orchestra by Prokofiev, which the Scottish National Orchestra under Neeme Järvi and with soloist Raphael Wallfisch included in a concert at the Festival Hall on Tuesday, towered in the memory above Sallinen's squib, and seemed all the more successful both in bringing off its difficult synthesis of high lyricism and off-beat comedy, and surviving as a big plausible symphonic structure hinged upon an unusually wayward, big, improvisatory solo part.

Wallfisch was gloriously equal to its demands. After a slightly growly start, his first movement became an unfolding of the most gripping, characterful, spontaneous sort: there was a great deal of punch and of colour. The middle section of his second movement was a clear stream of sumptuous melody. His rendering everywhere was inventive and exuberant, accurate and alive. Järvi's support was all unanimity and exact textural balance. The SNO is in exceptionally fine fettle: its account of Rimsky-Korsakov's *Russian Easter Festival Overture* had glistening colours, rhythmic snap, infectiousness—a precise magic.

Julius Caesar/Stratford

Michael Coveney

Shakespeare's Stratford-upon-Avon has been a little like Caesar's Rome these past couple of days, the troubled Avon chafing with her shores and boiling over, brown and bilious, into the adjacent meadows, a sordid aftermath to the Warwickshire rains. No sign yet, though, of upheaval in the Citadel. The mayor, I note, was ferried, beaming and unscathed, from a lunch date in the Town Hall on Wednesday.

Terry Hands, the newly ensconced top dog, has solved the problem of where to place the interval in *Julius Caesar* by dispensing with it altogether. His fast two and a half hour revival, which opens the main house season, is fitfully spectacular and finally disappointing, though it does improve upon recent disasters with the play at this address. It emerges clearly as Brutus's play, and not just because Roger Allam invests the role with a sense of dreamlike exploration of his own destiny and speaks the verse so well; the ebb and flow of the action is clearly dependent on the tide in his affairs.

Ralph Berry has recently argued that the Roman-ness of the play pre-empts such restrictive design practices as fascist overthrows in leather-clad juntas or Latin American military outposts. Mr Hands has made us startlingly aware of Rome as a *place* in its own time, a place where citizens who disrobe statues are suddenly put to silence, where everyone is analysing their dreams, and where the act of murder is a philosophical variation on the new code of suicide—"a deed in fashion," Brutus calls it, unmindful of Doug Lucie's play down the road.

The energy drains out of the play after the death of Caesar, just as it drains out of Brutus and Cassius, whose great tent scene at Sardis is played by Mr Allam and Sean Baker as a ferocious brawl under a glowering canopy, suddenly overcast with news of Portia's death by swallowing fire. This suicide transfigures Mr Allam, who burns the letter as he consumes the news and colours with his thoughts the great speech after it, gradually acknowledging the demands of fate and his own destiny. This is what makes the character the most memorable in the play; in contrast, the birthday conversion to fatalism of Cassius is Damascus-like, and it is no fault of Mr Baker that, in spite of exciting us with the account of eagles who gorged upon each other, his death is unmoving and unheroic.

These latter scenes are less successfully staged than the first half of the play, in which Mr Hands and his designer, Farrah, compose a characteristic tumult of sound, light, and processional flourish against a solid brick city of Rome that resembles, at first glance, a huge underground car park. The conspirators arise from the deep, like hooded Myrmidons; Cassius is taken to a fever-pitch in the storm scene by Mr Baker, who is isolated like an ecstatic weathervane in a red sky of electric thunderbolts; and Griffith Jones, his Old Testament prophet's beard still retained on a long-term RSC contract, is given a walk-down as the Soothsayer of which Danny La Rue might not have complained.

Similarly, David Waller's lion-hearted, short-tempered despot, who is later to be despatched like a stuck pig, is collected by the regicides in glistening white togas (costumes by Alexander Reid) and given a company send-off that suggests Mr Hands is aiming for a dead march of the falsettos in the Ides of March ghettoes set to the inevitable accompaniment of some more Guy Woolfenden reports.

The interpretation of dreams is obviously a popular hobby in Rome, and Mr Waller gives appreciative brownie points to the cringing Decius of William Chubb, who overrules the terror-struck diagnosis of Calphurnia. But just when this playing with illusion and signals seems to be working for the production, it is turned unceremoniously against it. The populace is hardly seen, save for a few stray hooligans at the opening. Brutus's savage questions after the murder are directed straight at us, which is fine, and extremely effective. Mark Antony's oration over the body is then broken up with tape-recorded chantings and interjections, which is not only inconsistent, but clumsy. I pity Nicholas Farrell having to duel with a stage manager's button, but the result is that his angry epiphanies are ruined, the rhythm of his rhetoric destroyed.

Under Trevor Nunn, so many small parts were often illuminated in his careful productions over the years. Mr Hands paints with broader brush-strokes, but he cannot disguise the deficiencies in what is one of the weakest supporting casts ever seen at the RSC. Some of them can hardly utter a line without mumbling and stumbling. The battles and suicides are perfunctorily managed and an appalling mess is made of the death of Cinna, the poet, who is, I take it, murdered as much for his bad acting as his bad verses.

Laburnum Grove/Watford

Martin Hoyle

First *When We Are Married* in the West End; now *Laburnum Grove* at the Palace, Watford. Until recently dismissed as standby fodder for provincial rep, J. B. Priestley's comedies are responding to loving treatment and emerging as solid, shrewd and kindly as their author's native county.

Not that this 1933 success is set in Yorkshire. "Shooter's Green, one of north London's newest suburbs," is one suspects in Betjeman's Metroland, with its tea-rooms, picture-palaces and semi-detached villas. None more demure than Ferndale, home of George Radfern (that "nice, honest, sleepy old thing," according to his wife) who suddenly admits to an international criminal career before his appalled family over Sunday supper one tranquil evening.

Waves of warmth and recognition greet Trevor Peacock's deceptively mild, devastatingly throwaway comic touch. This is the lower middle class that Coward mocked in *Fumed Oak* and romanticised in *This Happy Breed*. Priestly firmly avoids both extremes and leaves no doubt that his sympathies lie with the aspirations and frustrations of little people who have weathered "all these bad times" of the Depression.

Norman Coates's set boasts the right mirror, wireless and gramophone—but surely these Peter Scott-type china ducks are a trifle premature? Wendy Toye, a veteran producer and dancer and former member of what the programme charmingly calls the Earmango Society (Camargo is pirouetting in her grave), uses relaxed, traditional direction to evoke some good comic performances: Julian Fellowes's not quite properly-accented sponger with his interminable and probably spurious recollections of the Far East; Sophie Thompson's eager, vulnerable 20-year-old, champing at the suburban bit; comfortable Patsy Byrne, silently singing along with Henry Hall; and above all Bridget Turner, smouldering with disgruntlement and livid with outrage as the impoverished sister-in-law. Whether prophesying a nasty surprise from "a medium-coloured man" in the cards or hissing "Stewed fruit? This is no time for stewed fruit," at George's emergence as a public enemy, Miss Turner is superb. "I don't want garden rhubarb—I want the truth!" is an affirmation of unshakeable suburban propriety as the world crumbles about her.

Arts Week

Continued from Page 22

tunno, made up of fruit, vegetables and ears of corn. The exhibition contains works by Arcimboldo's predecessors, such as Leonardo, Durer and Posch, as well as those of artists active in the early years of the 20th century. It attempts to draw links – some obvious (Dali, de Chirico, Man Ray and Duchamp). Ends May 31.

Milan, Pinacoteca di Brera: Impressionist Paintings from American Museums – 47 works from the splendid collections held by the Metropolitan in New York and the National Gallery in Washington. Includes works by Boudin, Cézanne, Corot, Degas, Van Gogh, Manet, Pissarro, Renoir and many others. Ends May 10.

Rome, Palazzo Braschi (Piazza San Pantaleo): Luis Ducros (1748-1810): Italian landscapes at the time of Goethe. Delightful exhibition of watercolours and coloured engravings (from the Ducros Museum in Lausanne) of the monuments and palace gardens of Rome and those sites around which would have figured in any self-respecting eighteenth century grand tour: Tivoli, Vesuvius, Paestum and Posillipo (Virgilio's Tomb). The exhibition is held in the sumptuous palace which Pope Pius VI built for his family, and on show here is Ducros's account of that same Pope's visit to the reclamation works on the Pontine Marshes in 1783. Ends May 3.

SPAIN

Madrid. Diego Rivera. A retrospective 20th century top exponent of Mexican art, this show offers an ample collection of his works, including a film with his fresco murals, 100 oil and tempora paintings, 110 book illustrations. Centro de Arte Reina Sofia, Santa Isabel 52. Ends June 7.

NEW YORK

IBM Gallery: This free exhibition space brings to New York shows curated elsewhere, like the present offering of Pacific island masks and statues from the Tribal Art Centre in Basel and Mexican textiles from 85 tribal weavers. Ends April 25. 57th & Madison.

Metropolitan Museum: 48 key Impressionist and Post-Impressionist works from the Courtauld Collection tour America, including works by Cézanne, Manet, Renoir, Seurat and Gauguin. Ends June 21.

WASHINGTON

Hirshhorn: 30 paintings from the permanent collection trace the use of bridges as symbols of modernity and the past in works by Thomas Eakins, Winslow Homer, Raphael Soyer and Louis Lozowick among others. Ends May 24.

CHICAGO

Art Institute: A retrospective of more than 150 of John Singer Sargent's paintings, watercolours and drawings provides the first major overview of the artist's work in 60 years, with many of his famous full-length portraits, along with landscapes and informal drawings. Ends April 19.

Art Institute: The 1985 Grand Palais exhibit of Lartigue's 1920s photographs shows the evocative panoramas and fleeting moments on the streets of Paris between the wars. Ends June 28.

TOKYO

Paul Gauguin (1848-1903): In Search of Paradise. This large exhibition comprising 151 oils, woodcuts, sketches and some sculpture reflects Japan's love-affair with European Impressionism and Post-Impressionism. The first style of Western art encountered by the Japanese when the country opened up to the West in the late 19th century has remained favourite. Works in this exhibition include those from Gauguin's earliest period, showing much affinity to the style of his contemporary and close friend, Van Gogh, and his mature Tahiti period of bright colours and bold patterns. Note the dramatic contrast between Two Nudes on a Tahitian Beach with the earlier Bathers at Dieppe. There is much evidence of Van Gogh's oriental influence. National Museum of Modern Art, Takebashi, near Otemachi business centre and Imperial Palace Moat. Takebashi station, Kitanomaru Park exit. Refreshments on 4th floor. English labels; detailed English catalogue available. Ends May 17. Closed Mon.

Buddhist Art, Okura Museum. 84 works of religious content from the museum's private collection include a variety of hanging scrolls, handscrolls and sculptures from China, Japan and India. While the exhibition mainly features 14th century scrolls, works from earlier eras are also included. The sculptures range from an early 5th century Chinese stone Buddha to a 12th century Japanese wood Kannon Goddess of Mercy and 17th century Lhama bronze deities. Set in the grounds of the Okura hotel, the museum is in Chinese Palace style architecture. Ends Apr 19. Closed Mon.

Gilt Bronze Buddhist Icons: 226 early works (mainly 7th-10th century) including loans from US and Korea comprise this largest ever exhibition of small sculptures. Exemplifying oriental miniaturisation at its best (most only 6 inches high were made for private worship) the exhibition traces the development of early Buddhist art, showing especially the Chinese influence. Early treasures and unique pieces highlight a well-designed show. Tokyo National Museum, Ueno Park in one of Tokyo's few large parks. Ends April 19. Closed Mon.

Saleroom/Antony Thorncroft

Striking clock price

English furniture remains much sought after. Christie's sale yesterday totalled £2,314,180, with only 3 per cent unsold. The most remarkable price was the £220,000 paid by the London dealer R. A. Lee for a Queen Anne ivory-japanned longcase clock made in London by Daniel Quare: it carried a top estimate of £50,000.

Another London dealer, Gabor, bought a George III mahogany breakfront bookcase for £165,000, compared with a £80,000 top estimate. The bookcase is based on a design from Sheraton's "The cabinet maker's and upholsterer's drawing book."

A Queen Anne walnut bureau cabinet also beat its top estimate, at £93,500, while Partridge paid £82,500 for a set of eight George I walnut and burr walnut dining chairs. Obviously the London dealers are in an optimistic mood, and are stocking up for the Grosvenor House and other major antique fairs in the early summer.

Bonham's has cornered the market in picture frames which are now often more valuable than the canvases they surround. A French 19th century carved and gilded Louis XV style frame made the extraordinary price of £7,900. It will doubtless be affixed to a suitable painting, and much enhance its value. Bonhams also sold paintings, getting £16,500 for a pretty still life with flowers and musical instruments attributed to the circle of Evert Collier. It carried a £3,500 top estimate.

A manuscript verse miscellany of the 17th century, containing 250 poems, made £4,400 at Bloomsbury Book Auctions yesterday. It contains five poems by John Donne, and also works not previously known. Research might reveal original hands and a literary coup. A letter from Lord Byron's mother to a friend stating that his lame foot was almost as good as new made £1,540.

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Mr Gorbachev in Prague

IF Mr Gorbachev's visit to Prague, which finally began yesterday after several days' delay, has been surrounded by an unusual amount of mystery and speculation, that is hardly surprising. When the Soviet leader is preaching glasnost and is taking the first step towards reforming the Soviet economic system as well as allowing Soviet citizens greater freedom of expression, a visit to Czechoslovakia is a highly sensitive matter. It was, after all, precisely to clamp down on "socialism with a human face" in Czechoslovakia that Soviet tanks invaded the country in 1968 and put an end to the hopes of a new dawn in eastern Europe raised by Mr Alexander Dubcek's Prague Spring.

Mr Gorbachev has already given sufficient indications that he wants to distance himself from the domestic and foreign policies of his predecessor, Mr Brezhnev, to cause some anxious fluttering in the dovecotes of thet Czechoslovak Communist Party. Having been thoroughly squashed by Moscow 19 years ago, the Czechoslovak leadership which replaced the Dubcek régime has been more careful than that of most other Soviet satellites in toeing the orthodox Brezhnev line. Indeed, many of the leading figures in the Politburo, including Mr Gustav Husak, the president, are still the same as those who came to power in the purge which followed the dramatic events of 1968.

Hardline opponents

Their economic policies have been cast in the same sterile mould as their political orthodoxy, though very recently Mr Husak has started paying lip service to Mr Gorbachev's new approach and a modest industrial reform programme has been announced. It remains true, however, that what was once the power house of central Europe, with thriving engineering, car and arms industries, to name but the most obvious sectors, has become progressively an industrial backwater. It has been unable to adapt either to the rapid technological progress of the past two decades or the needs of the market place.

Czechoslovakia, therefore, is something of a test case for Mr Gorbachev. To accept the present situation would be tantamount to telling the world that what are desirable reforms for the Soviet Union are not for export to any other eastern European state. He also knows that he could win a lot of friends in the West, when he is advocating disarmament in Europe, if he were to renounce publicly the Brezhnev doctrine, under which Moscow claimed the right to intervene militarily if any of its allies stepped seriously out of line. Last but not least, the Soviet Union is anxious to restore Czechoslovakia as an efficient supplier of high quality industrial equipment.

At the same time, Mr Gorbachev's room for manoeuvre is restricted, not only by his hardline opponents at home, but by the vested interests of a Czechoslovak leadership which sees its own position threatened by too much glasnost.

Too clear a clarion call for reform in Prague could provoke a dangerous hardening of the conservative opposition to his leadership in the Soviet politburo and central committee, while once again opening the flood-gates in Czechoslovakia and other eastern European countries. The speed and lack of central control with which Mr Dubcek's reform movement was allowed to develop was one of the main pretexts used by the Warsaw Pact countries to justify their military intervention in 1968.

Greater freedom

By contrast, more discreet economic reform movements, such as that in Hungary, were allowed by Moscow to proceed without the sanction of military intervention. They have even been held up as examples of how the Communist system can be modernised without undermining its cherished Marxist-Leninist foundations.

One of the advantages of the step-by-step approach is that it allows a progressive renewal of the party and government machine which is a conditon for any effective implementation of new policies and helps to prevent political and administrative chaos.

Mr Gorbachev will therefore have to tread carefully in spreading the gospel of glasnost in Prague. Yet if he does no more than sow the seeds of reform and greater freedom during his visit, that would be warmly welcomed in a country which has had more than its fair share of Communist orthodoxy.

Civil service resentments

THE UNEMPLOYED in the North west, who will get no benefit this week, or the small businessmen who will get no VAT rebates, are already sharply aware that the ordinary clerical workers in UK public services, who do the donkey work of making policies happen, are in a sullen mood again. At Westminster there has been little visible reaction until now, but ministers ought to take this problem seriously.

The dispute involves only two of the half-dozen civil service trade unions at this stage, but it could quite shortly restart the repressing and damaging seven-year cycle of enforced restraint, resentment, and disruption which has in the past been resolved by huge catch-up awards. Mrs Thatcher, whose economic policies in her first year in office were completely disrupted by such an award, is not likely to underestimate the danger now.

The most suggestive feature of the present disputes is that the union members are proving more militant than their official leaders expected. The leadership of the Society of Civil and Public Servants, whose members man the welfare offices, had put the Government's 4.6 per cent pay offer out to ballot expecting that it would be accepted. The vote against the offer represented only a minority of the total membership, since more than a third did not bother to vote; but support for the local disruptions which are in progress has been impressively solid.

Clerical coalface

This suggests that the threat to disrupt port traffic, car registration and VAT collection later this summer must be taken seriously; and although on political grounds the Government might well expect to gain on balance from a summer of discontent, it would be dangerously short-sighted to let things slide. Indeed, the Government's strategy, as shown in the constructive long-term deals already struck with some more specialised groups — the scientific civil service, the inland revenue and the prison officers — is anything but confrontational.

These deals have all offered really substantial salary increases,(underwritten for the long term, in return for what the Government regards as solid benefits — flexibility between grades, the opportunity to reward performance, and greater freedom to respond to regional labour market conditions.

This is clearly the right way forward; but no such deal has bee noffered to the more junior clerical workers now in dispute. The Government has offered to discuss a long-term deal, but with none of the sweeteners offered to the specialists, and none of the advantages to the Government either. Industrial relations imagination seems to have failed in contemplating the problems of these clerical coalface workers.

This could prove worse than unfortunate, and in what seems at the moment to be a relatively slow-moving dispute the Government should be seeking to win back the initiative, rather than sticking solidly on its offer, which is clearly unacceptable even if it does look arithmetically perfectly reasonable. This means filling in what is now lacking: a clear idea of what the Government wants, in management terms, from the clerical rank-and-file.

Efficiency gains

While the Government is not here competing in the market for highly-valued skills, as it is where scientists and tax specialists are concerned (and arguably also in theh nursing profession) it must still hope to gain advantages from more flexibility and wish for more regional differentiation. Effort may also be needed to define performance standards, so that individual efficiency can be rewarded. A deal delivering advantages of these kinds could well justify a more generous pay offer.

Finally ministers should take to heart the recent study by consultants which showed a strong underlying resentment about status and appreciation of work done. In an election atmosphere Conservative speakers routinely win applause with jibes against bureaucrats. An unexpected word or two from a really senior minister in appreciation of the very real gain in efficiency which have already been achieved in the public service, and of the tough conditions which are often met in the classroom or the welfare office, just as they are in our overcrowded prisons, might do much to sweeten the air.

EUROPEAN HELICOPTER PROJECTS

Two's company three's a crowd

By David Buchan, Defence Correspondent

NINE YEARS AGO, in the 18th-century splendour of Ditchley Park in Oxfordshire, the national armaments directors of Britain, France, West Germany and Italy made a very 20th-century pledge: to pool their efforts in developing and producing military helicopters.

Today this high ambition is virtually forgotten as different groupings of European nations pursue four different helicopter programmes, two of them in such direct competition that the attack helicopters involved will carry exactly the same weaponry.

Britain yesterday pulled out of thet most multinational of these programmes, the one known as NH 90 (standing for Nato Helicopter for the 1990s). This leaves Italy as the most common denominator in European collaboration, as the only country involved in three of the four Euro-helicopter projects.

The British decision — which also included an order for 25 utility or transport versions of Westland's EH 101 helicopter — was neither irrational nor un-European. The British army has, after much procrastination, joined the Royal Navy in wanting a fairly big (13 tonne) helicopter, like the Anglo-Italian EH-101, developed jointly by Westland of the UK and Agusta of Italy, and therefore has a lesser and later, need for any of the smaller 8-9-tonne NH 90s. The effect of the move is simply to reinforce one (bilateral) European programme at the expense of another (multilateral) one.

But by virtue of the fact that it had (until this week) five participating countries, the NH 90 programme had potentially, the biggest production run—700 machines—and thus the biggest potential development savings and production efficiencies.

Contrary to the general trend in which the numbers of countries collaborating on a single piece of defence equipment are growing, helicopters seem to demonstrate the old maxim of human behaviour that while two are friends, three (or more) is a crowd. Europe, it would appear, is tending to pair off: Britain and Italy mainly in one camp, France and West Germany mainly in another, and smaller countries spread between (see table).

If there were not a serious recession in the civil helicopter market, this tendency would not matter. Bilateral military programmes can achieve reasonable production runs if they generate sizeable civil sales, and that is precisely the Anglo-Italian hope with the EH 101, which will have a civil variant. But civil demand for helicopters is low, due to the drop in offshore oil work and to environmental concerns about urban heliports.

This trend has not been carried so far that any European country is tempted again to try to make by itself the sort of modern military helicopters which only the US and Soviet Union can turn out solo. It is a matter of market. The big four European countries, with a single helicopter-making company each, have together some 3,500 helicopters in their military inventories. The US, equally with four helicopter makers, has more than 10,000 in military service.

European or Nato collaboration has long been preached, to the point of becoming a platitude, as essential to obtain longer production runs, split R and D costs and standardise equipment between allies. It also enables relatively small companies, such as Westland, which is unique among the top eight US and European helicopter makers in being neither part of a wider conglomerate nor state-owned, to stay in business.

WHO COLLABORATES WITH WHOM

	NH 90	CATH	EH 101	A 129
Britain			●	●
France	●	●		
West German	●	●		
Italy	●		●	●
Netherlands	●			●
Spain				●

For all its present perturbations, European Helicopter Cooperation has had its successes. For instance, Aerospatiale of France and Westland have, since 1967, co-produced more than 2,500 Gazelles, Pumas and Lynxes (now to include an extra Lynx ordered yesterday by the UK Defence Ministry) admittedly helped for much of that time by more buoyant civil demand. Indeed, it was partly to build on this Anglo-French achievement (soured slightly on the British side by the French Government's failure to buy as many of the collaboratively produced machines as UK governments did) that the Ditchley Park commitment was made.

The major European countries are all renewing their fleets. They will need some 1,700 new machines by the end of the century (according to a recent Western European Union (WEU) study) to perform three basic roles — to attack tanks, ferry troops, and detect and torpedo submarines. The Rational Man, into whose shoes the WEU daringly put itself, would suggest common development of one light attack helicopter and one medium-sized transport and naval helicopter, with any national variants being derived from these two main types.

But the Rational Man would be ignoring that it has become perhaps harder to agree common specifications on helicopters than on any other piece of military hardware. Paradoxically, this stems from the very versatility of the helicopter which can be used in so many different ways that nations have difficulty agreeing how it should be used.

So, the superpowers have made more specialist machines, particularly attack helicopters; first the US with the Apache, then the Soviet Union with its Mi-24 Hind gunship at work in Afghanistan. And the Europeans have tried to follow. But collaboration means compromise. Keeping compromise to a minimum often means keeping participants in a joint project to a minimum.

This, plus a heavy dose of politics, is why Europe has four programmes going:—

- The £500m Anglo-Italian EH 101 development programme is essentially driven by the Royal Navy's desire for a very capable anti-submarine warfare (ASW) machine, though an EH 101 transport is now to be bought by the British army and a civil version also developed.

The Royal Navy, with 300 machines, is a relatively big user of helicopters compared to the other UK services and other Nato navies. For the Royal Navy, the ASW helicopter has, in the words of a UK parliamentary report, "provided the means of restoring to surface forces the speed advantage seized by the submarine with the advent of nuclear propulsion." With a 13 tonne, three-engined EH 101, the Royal Navy will be able to chase Russian submarines, track them with dipping sonar, and fire two Stingray torpedoes at them.

- The NH 90 programme started later, with the feasibility study completed last October. It is designed for those navies with smaller frigates (the planned Nato frigate for the 1990s would take two of them), and for those armies which want to ferry their men around in batches of 15 or so.

85) the British army thought it belonged to this latter category. But in 1985 it began to think, and by this spring it decided that it wanted to move its men by the platoon (32). Hence, the decision to buy EH 101 transporters and pull out of NH 90.

- The Agusta A129 anti-tank helicopter has been accepted by Britain, the Netherlands, Spain, as well as Italy as the basis for collaborative Tonal light attack helicopter to enter service in the mid-1990s. The total requirement of the four countries is estimated at around 225.
- The Franco-German common anti-tank helicopter (CATH) project has been an on-and-off saga for years. Started in the mid-1970s, formalised in 1984, rescued this March, the project now concerns just one type of anti-tank helicopter, instead of the three variants originally planned. But it is still subject to further government and industry cost negotiations before development starts.

It has been bedevilled by Bonn's desire to have the most capable anti-tank machine possible on the central front with the latest visionics, from the US if necessary, and by Paris's wish for a lighter helicopter entirely European made. The only glue that has held it together for so long has been the desire of both countries to have a major new arms cooperation project to reflect their increasingly close links on general defence issues.

Various attempts have been made to merge Europe's two attack helicopter projects. Mr Gerard Hibon, senior vice-president of Aerospatiale, recently suggested that logically the Tonal consortium should join the revived Franco-German project, because both systems would use the third generation anti-tank (Trigat) weapon that most of Europe is developing. But the Tonal project looks set to continue separately.

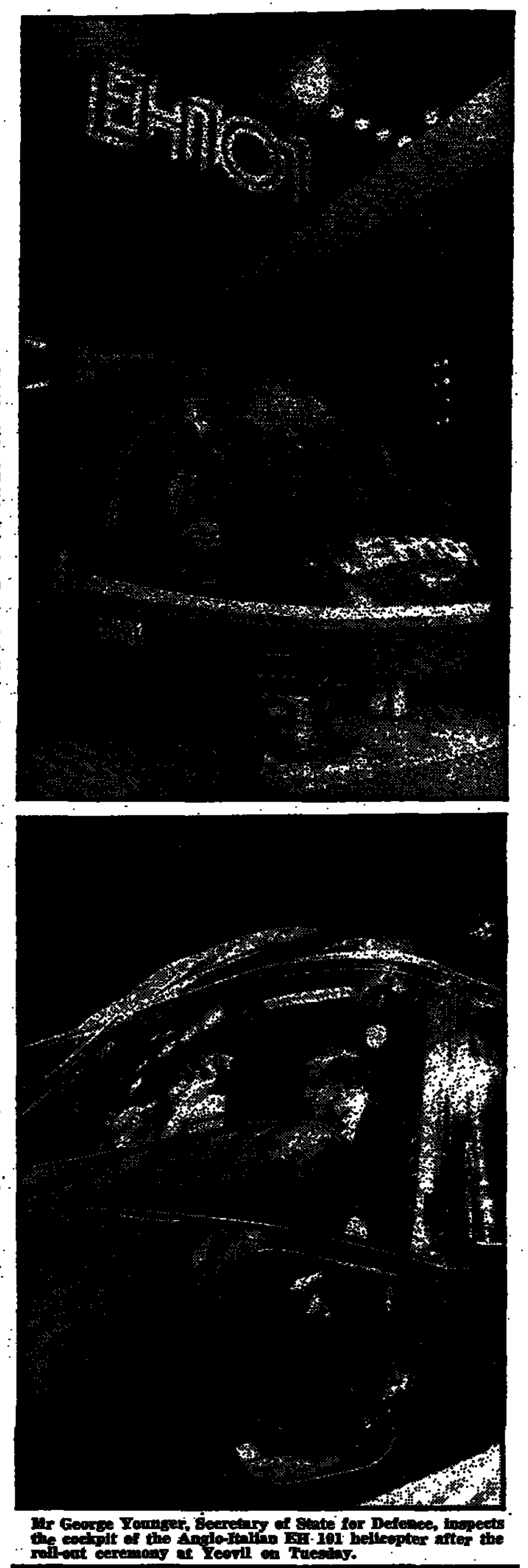
"It is hardly the neatest possible solution," admits one senior UK defence official, "but nor is it a mess, more like flexible rationalisation," he says.

The important thing, he adds, is that Europe still has ongoing programmes to replace all its current helicopters, except for the heavy Chinook range made by Boeing. There seems no desire in London for British withdrawal to torpedo the NH 90 project. On the contrary, the UK hopes and expects that it will survive, if only because the largest of the European helicopter makers, the state-owned Aerospatiale, wants it and has no other replacement for its SuperPuma range.

Equally, the position of Britain in European collaboration has, if anything, been strengthened by this week's decision, throwing Westland a European lifeline(in the form of EH 101) rather than an American one in the shape of orders for the Westland-assembled Black Hawks of Sikorsky.

European fears that Westland, by accepting Sikorsky as a major shareholder, would become an American Trojan Horse were always exaggerated. This week proved them groundless.

That said, the week's developments leave the Europeans no better placed to deal with the underlying problem that they have shorter production runs than their American rivals — Boeing Vertol, Bell, Sikorsky and McDonnell Douglas. To achieve that, and to be ready to deal with the challenges of the next generation of helicopter development, the Europeans would have to combine all their resources.



Mr George Younger, Secretary of State for Defence, inspects the cockpit of the Anglo-Italian EH 101 helicopter after the roll-out ceremony at Yeovil on Tuesday.

Men and Matters

Maxwell marches into Spain

Fresh from his triumphant entry into French television, as part of the Bouygues consortium, Robert Maxwell is bouncing his way along the Napoleonic path towards a new conquest of the Iberian Peninsula.

Timing his expedition impeccably, just as Spain's new private television bill is getting its first public airing, he is doing his tour in grand style.

After an audience with King Juan Carlos he kept prime minister Felipe Gonzalez talking yesterday for well over an hour. "Strictly private" said official quarters. Now he is off to Portugal to tackles socialist president Mario Soares on the same subject.

Maxwell's ambitions in continental broadcasting run to production companies in both France and Spain, and to satellite television. The French verdict in his favour makes participation in a Spanish channel more likely. Maxwell says, "It makes me a very acceptable partner."

Spain plans three new channels. But Maxwell makes clear that, "We expect ours to be on the air first."

His list of potential partners is headed by Priza, the publishers of the Spanish daily paper El Pais.

"It's enough to make the chariman of Cable and Wireless cut his ear off"

Bond service

No one could accuse Alan Bond, the Australian businessman who won and lost the America's Cup, of taking a short-term view. Bond, in London yesterday to promote his plans to float off his radio and television interests in a new company Bond Media, startled analysts and merchant bankers by revealing that he had a 20-50 year plan for his company.

Bond, Australia's largest brewer who first began moving into television three years ago, explained that "one of the areas where much of the world has fallen behind Japan and will begin to fall behind even China is that we are not planning long term."

Since buying the television interests of Kerry Packer, Bond has put together the first commercial network in Australia, catering through his stations in Brisbane, Perth, Melbourne and Sydney for 57.6 per cent of the Australian viewing public.

But that is small beer compared to Bond's 20-50 year plan. "I believe that Bond Media will have the ability to convey news and entertainment to billions of people throughout the world as markets open up," he says.

The aim is clearly to do for electronic media what that former Australian, Rupert Murdoch, has done for print.

Berry's boat

Tony Berry, chairman of Blue Arrow, a British company that he and many of his backers believe is on its way to becoming the world top employment services agency, is joining forces with Peter de Savary to mount a British challenge for the America's Cup in the 1990-1991 contest.

This is not just another team effort by a couple of star-struck yachtsmen. Berry says he has never been on a boat in his life. He is simply investing promotional money — some £8m — to spread the good name of his business, which went on to the unlisted London securities market just three years ago, is now capitalised at £260m, and is still growing fast.

De Savary, who led a British challenge for the America's Cup in 1983, is very much the junior partner in the enterprise. He is putting in £2m. But he will be the man in charge of the sailing and boat design programme. In this deal he may have found just the right business vehicle to give him the recognition he looks for as a folk hero who brings the Cup back to Britain.

No future

How will Whitehall treat a piece of crystal-gazing on which the "Little Neddy" for information technology has laboured for the past three years?

Professor John Ashworth, vice-chancellor of Salford University, who has been chairman of the IT Neddy while the forecasters have been working out what the industry could mean to Britain, is pessimistic.

The Whitehall structure is "wildly inappropriate," he said yesterday. "There is no Department of the Future." And he treated his audience to an entertaining account of how "the machine" would set about burying the IT report.

All this provoked apoplexy in Brian Smith, a few seats away. Smith, a computing expert and former senior Treasury official who had taken part in the study, called Ashworth's scenario "a caricature of what goes on in government."

The study would go to the Department of Trade and Industry, he said—and to Geoffrey Pattie, minister for IT, who would pluck from its 172 pages "the things he really wants done."

Meanwhile, Alan Benjamin, who headed the group of crystal-glazers and was yesterday sandwiched between the disputants, forecast gloomily that Britain being what it is, the best market for his £20 forecast of technological life in the year 2010 could well be Japan.

Heavy water

Atlantic Computers' chairman, John Foulston, is keen to talk about his company's rapid growth from a market capitalisation of just £10m four years ago to one approaching £500m after yesterday's merger with Comcap. But he seems to have developed a merciless attitude towards companies now much smaller than his own.

Yesterday he was telling the City how he wanted to mark Atlantic's transformation from a computer leasing company to an international technology services group by dropping the "Computers" suffix from its name.

"Unfortunately we haven't been able to, yet, because there is a very small double-glazing company somewhere which already has the name. We have to go and talk to them," he said, adding ominously: "We shall be taking some of our larger executives."

Head count

For the comparatively few men who have everything (and have not gone bald with worry getting there) the Shiden count brush (Japanese, of course) gives a digital count of the number of strokes made when brushing your hair.

Observer

Politics Today: West Germany

Playing in a totally different league

By Malcolm Rutherford

AS A relatively infrequent visitor to West Germany nowadays, I have been hesitating to comment on a country that I used to know well. Yet there is one impression that grows stronger every time I go back and which seems worth noting. It is that the Federal Republic is becoming increasingly different from the rest of Europe.

There is nothing pejorative about this. What is happening is not necessarily either good or bad. But anyone trying to understand West Germany should take on board the possibility that it is not the place it used to be, either in its relations with the rest of the Continent or in the way it sees itself.

The evidence is largely anecdotal, but it is cumulative and it does add up to a striking change in attitudes over time.

Twice recently I have travelled across large parts of Baden-Wuerttemberg by car. It is like being on another planet. The towns and villages are small; the communications good. Affluence is all over the place. There are still simple country folk, but they are noticeably well-dressed. The local band will turn out to give a performance on virtually any prompting. It is a land of high technology where the old world and the new seem successfully to have come together.

It is the same with much of Bavaria. The prosperity of the German south marks it off from the rest of Europe.

There is another phenomenon. The Germans seem to have done something about the noise level. Sound is muffled. You can sit in a room with huge building works going on outside and hardly hear it. Everything has been insulated. Even Frankfurt airport, which now contains a small Harrods, seems relatively quiet.

Something is happening about the language, too. At the annual Anglo-German conference in Koenigswinter last weekend, the German participants were under virtual instructions to speak German during the formal sessions. That did not happen before. They used to like to show off their English. Now, however, there is a fear that German is a bit of a dying language. It is not international like English, French or Spanish. Therefore it must be preserved and used as much as possible.

Last week a fairly prominent politician went to see Chancellor Helmut Kohl to talk about the present state of the European Community. "What did the Chancellor have to say?" I asked him. "Well," he replied after some thought, "he said that Germany was bigger than Europe."

This awareness that the Federal Republic may be less interested in the Community than it used to be led, again last week, to the entire European Commission arriving in Bonn from Brussels to talk to the German Government about Community problems. That has never happened before to a country not currently holding the Community presidency.

The intellectuals at the Koenigswinter conference, British and German alike, spent their time berating Mr Kohl for his alleged inactivity. Somebody said that the next time he held elections nobody would bother to turn up because he was incapable of using a mandate when he had one.

It is a bit like Mrs Thatcher in Britain. One cannot help thinking that the intellectuals are wrong and that Mr Kohl may be right. Like Mrs Thatcher, he is very good at winning elections. Last Sunday the Christian Democrat-Liberal coalition—the same mould as in Bonn—won control of the state of Hesse for the first time in years. It is just that the German Chancellor seems to have no particular desire to wield power for its own sake. He may look sleepy, but it is the sleep of the self-confident.

Perhaps behind the doziness, however, he has caught the German mood. This is that in matters economic, Germany really belongs to the big three: Germany, the US and Japan. That, I suspect, is what he meant by saying that Germany was bigger than Europe. The remark was not anti-European; it implied that Germany was capable of playing in the big league and that the other Europeans sometimes held it up.

By way of illustration, a board member of one of the big German chemical companies told me a story of how his industry was dealing with Japan. The Japanese, he said, were gradually opening up their markets. There was no point in threatening them with trade wars and gestures of reciprocity. The trick was to challenge them on their own ground.

Admittedly, he was talking about chemicals in which the Germans are very strong and the Japanese still relatively weak. But what his company was doing, he explained, was going to Japan, picking up graduates from the University of Tokyo, paying them large sums of money and bringing them to Germany. (The money really is very big: it includes a life-time pension for the graduate's mother and father, plus a lump sum and a guarantee that the graduate will never be sacked.)

After training in Germany, the graduate goes back to Japan and takes part in a 50-50 joint venture which the German company expects to buy out as it expands. In that way the Germans establish their hold on the Japanese market.

When I discussed this with a German banker, he said that the Japanese were being brainwashed, but that it was a very effective way of dealing with them.

The point about the story is that the successful German companies do not yet feel cowed by Japanese competition. They want to take it on. They do not accept that Europe must play in the second division and if Europe cannot win promotion, some of the Germans will promote themselves.

How does that square with the recent dismal German economic growth rate—zero in the last quarter of 1986, probably the same in the first quarter of this year and perhaps no more than 2 per cent for 1987 as a whole?

There are several possible answers. One is that it is stagnation at a very high level, accompanied, incidentally, by a negative rate of inflation. Another is that the growth rate figure is, by definition, an average: the German steel industry, for example, is in very serious difficulties while other sectors are expanding.

But the real answer, I think, is that much of Germany is having a rest while it decides what to do next. If it has retreated into itself a bit, it is not because it is on the run. It is because it thinks that in many ways German standards are higher than those of the rest of Europe.

It will be interesting to see what happens when it wakes up. And Chancellor Kohl will have a chance to show more of what he thinks about the European Community when his country takes over the presidency in the first half of next year.

● Chancellor Kohl: capturing the German mood.

Blight behind the boardwalk bonanza

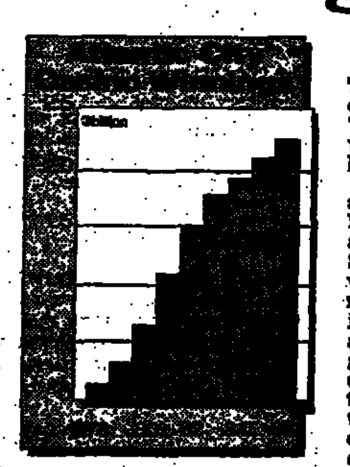
By James Buchan in Atlantic City

AT 9.15 on most mornings a group of pensioners gathers on the corner of Church Avenue, Brooklyn, waiting for the bus to Atlantic City.

The bus is punctual and warm and the driver is an old friend. The passengers unwrap the Daily News or doze as the bus plunges through a sunny, monotonous landscape: pinewoods, marshland, pinewoods again and then the parking lots, run-down houses and boarded-up shops that are the outer defences of the world's greatest and saddest resort.

In the car park beneath a casino hotel, the passengers descend, gingerly holding the door rail. They are given $15 (£9) in quarters and a $5 (£3) return voucher by the house and vanish into the perpetual night of the casino floor.

These pensioners are the grist in the Atlantic City mill. You see them at Caesars World or the Claridge, huddled before slot machines that swallow their quarters five at a time in a tense metallic clatter. You see them at the Tropicana and the Golden Nugget and at all the 11 casinos that rise like factories from the boardwalk, the wooden promenade which is all that survives from long-ago days when Atlantic City was a fashionable beach resort.



Most of the pensioners lose their allowance and a few dollars more, one or two win and three couples do not play at all. They take the bus ride every day and pocket their quarters. "That's $40 profit per couple a week after bus fare," says the bus driver, in admiration.

Atlantic City's casinos have always offered inducements to losing money. "I guess we always had bus wars," says Mr Steven Norton, an executive vice-president of Resorts International, which pioneered gaming in Atlantic City in 1978. But after eight years of spectacular growth and fat profits, the casinos are having to fight for their elderly custom. And with the onset of competition, casino ownership is being consolidated drastically as the stronger players, such as Mr Donald Trump, the New York real estate developer, solidify their market position.

Atlantic City's market, which consists of low rollers from the north-eastern US, has reached saturation at about 30m people at the worst possible time. A host of new tables and slot machines are about to open on the boardwalk. Without an airport (or even a railway station) and only a cramped convention centre and a tenth of the hotel rooms offered by Las Vegas, Atlantic City has little chance of competing with the Nevada resorts for the high rollers.

The casinos' revenues, which were increasing at 35 per cent a year at the beginning of the 1980s, are now growing at only 7 per cent a year. The industry's once fabulous profitability, which allowed the pioneers such as Resorts and Caesars to recoup their investment in a couple of years, has been whittled down by competition to about 4 cents after tax for each dollar of revenue, according to Mr Marvin Roffman, an analyst with the Philadelphia brokers, Janney Montgomery Scott.

The meagre pickings will have to be shared with a twelfth casino, the Showboat, which has just opened on the boardwalk, an expansion at the Tropicana and, from the end of this year or early next, the Taj Mahal, which will be the largest casino in the world.

For the authorities in the city and the state of New Jersey, the galloping maturity of the casino market is an embarrassment.

Although the casinos have created 40,000 jobs, have poured about $1bn into the state's tax coffers and are now required to invest a portion of revenues in city development bonds, "the balance of the city is a slum," says Professor James Hughes, a professor of Urban Planning at Rutgers University and an outspoken critic of gambling in Atlantic City. The pervasive atmosphere of blight hampers attempts by the casinos to attract new types of custom.

Last year Wall Street became disenchanted with Atlantic City's casino companies and stock prices were depressed. "Many of the casino companies were selling at discounts to their underlying property value," says Mr Steven Eisenberg, an analyst at the Wall Street investment firm, Bear Stearns. Eventually, the stock prices of existing casinos began to look like bargains especially as the cost of the new casino, the Taj Mahal, was rocketing out of control. It is now expected to cost $525m to build —about $200m more than its original budget.

There has been a flurry of takeover activity, with an offer last month for Caesars World from Mr Martin Sosnoff a fund manager who had long pressed for board representation, and the purchase for $440m of the Golden Nugget by Bally Manufacturing, the Chicago slot machine maker.

But the man likely to dominate Atlantic City gaming is Mr Trump, a developer whose eye for a real estate bargain and skill in completing building projects have made him one of the most powerful people in New York.

Mr Trump, 40, who has scattered New York with ostentatious but popular buildings named after himself, already operates two profitable casinos in Atlantic City, Trump Plaza and Trump's Castle. Last year, he built a war chest of some $60m in profits by threatening two competitors — Bally Manufacturing and Holiday Corporation — with takeover and stampeding them into buying back his shares at a premium.

On March 9, Mr Trump hit the jackpot when he gained effective control of Resorts by persuading the founder's family trust to sell him its special heavyweight voting stock. Because he only needed to buy a small proportion of the company's shares to gain voting control, Mr Trump will pay $101m "to control real estate holdings of $1bn," according to Mr Roffmann.

These properties include about 30 per cent of the boardwalk frontage, 15 per cent of the entire assessed real estate of Atlantic City and the unfinished Taj Mahal. When the Taj Mahal is completed Mr Trump will be master of "up to 40 per cent" of the Atlantic City market, according to Mr Walter Read, chairman of the state's casino control commission.

Mr Read says the commission, which is credited with keeping organised crime out of casino management, would not be happy with such a concentration of economic resources in Mr Trump's hands. "I read that they might rename the place Trump City," says Mr Read.

It will not come to that, but even if Mr Trump closes down some of his gambling capacity, he will still be Atlantic City's Mr Big.

Letters to the Editor

The backgrounds of Japan's prime ministers

From Mr J. Stockwin

Sir,—Simon Holberton, writing on Japanese politics (April 4), says that "all post-war prime ministers, with the exception of Mr Tanaka, were former bureaucrats." This is incorrect. The prime ministers Higashikuni (1945), Katayama (1947-48), Ashida (1948), Hatoyama (1954-56), Miki (1974-76), Suzuki (1980-82) also had no bureaucratic background.

Moreover the present prime minister, Mr Nakasone (1982), is an extremely marginal case. He entered the Home Ministry in 1941, straight from university, but was then immediately conscripted into the navy. After being demobilised at the end of the war he worked for the police authority for a couple of years before entering parliament in 1947, where he has remained since.

Arguably, therefore, during the 15 years since 1972, former bureaucrat prime ministers have presided over Japan's affairs for less than four years between 1976 and 1980.

May I, however, applaud Mr Holberton's conclusion that "Japanese policymaking is different, but not inscrutable." I prefer this to your own reference, Sir, in your Editorial of the same date, to the "inscrutable Japanese faction system." Surely by now we have come far enough in our understanding of Japanese affairs to abandon once and for all this ghastly and misleading word which represents the ultimate excuse to for go cool analysis.

It is to be hoped that in the present crisis in our relations with Japan a cool, analytical and informed approach—as represented almost always by the FT—will be allowed to prevail.

J. A. A. Stockwin.
Nissan Institute of Japanese Studies,
1, Church Walk,
Oxford.

Investing in sales

From Mr Phillip Oppenheim, MP

Sir,—Japan does undoubtedly have a reputation for protectionism. This was certainly deserved in the past and is deserved at present in some areas such as whisky.

There must be at least a suspicion, however, that Japanese protectionism is sometimes used as a convenient excuse for the failure of European and American businessmen to make the kind of investment needed to sell in Japan. After all, how many Western businessmen in Japan even bother to learn Japanese?

Cable & Wireless are, however, making just the right kind of effort to get into the Japanese market. Unfortunately, we do not seem to be setting the Japanese a very good example in this area. Few major Western countries even have second network operators, let alone allow foreigners to take large stakes in them. This is certainly the case in the EEC; and even in Britain the only licensed secondary operator is the British-controlled Cable & Wireless's Mercury.

It is also a fact that the Japanese market for terminal telecommunications equipment is now far more liberal than that of our so-called European partners. The Japanese may have been politically inept, considering their successes in Western markets, not to have allowed Cable & Wireless to take a large stake in the proposed second international network franchise, but in justice, they do have a case. Perhaps we should look to our friends in the EEC to give a lead in this area, though I hear no talk of retaliatory action against the French or Germans.

Phillip Oppenheim.
House of Commons, SW1.

Situation in El Salvador

From Dr S. McGiffen.

Sir, — Why was so much essential information left out of your recent article on El Salvador? You chronicle the activities of "death squads," but do not mention the many thousands of Salvadorean civilians who have lost their lives at the hands of the regular armed forces, both from aerial bombardment and army operations. Nor do you qualify your description of the huge aid given by the US with any acknowledgement of the fact that between 1980 and 1985, 85 per cent of this aid was either directly or indirectly military in nature, while hardly any of it went for development work.

Some of your statistics seem to have been plucked out of the air. Which opinion poll provided the information that the armed opposition "are believed to have the support of 12 to 15 per cent of the electorate"?

President Duarte, you claim, would like to carry out land reform and reduce inequalities of wealth. Then why doesn't he do so? Land reform, dramatic improvements in health and the near-eradication of illiteracy have been achieved in Nicaragua under the most difficult of conditions. Until Salvador acquires a regime which, like the Sandinista and in contrast to Duarte, breaks decisively from the moral imbeciles who have ruled the region as their fiefdom for over a century, these improvements will not be emulated.

Unless the US abandons its hegemonic approach to Central America, this will be achieved, if at all, only by force of arms.

Steven McGiffen (Dr),
18 Holly Bank Road,
Huddersfield.

TSB's Glasgow meeting

From the Secretary of the TSB Group

Sir,—I am sorry that Mr John Gale (Letters, April 3) is astonished to see that TSB Group is to hold its AGM in Scotland, and that he considers that no regard is being paid to the convenience of shareholders.

Before TSB floated last year, we gave an undertaking to Parliament that we would incorporate TSB Group plc and hold our AGM in Scotland. This recognised the fact that TSB's origins lie in the trustee savings movement which was founded in Ruthwell, Dumfriesshire in 1810.

These undertakings were included in TSB's offer for sale prospectus last year.

I am sure that Mr Gale would take it amiss if we failed to keep such a promise.

As to the convenience of our 2.4m shareholders, there is no single location which could possibly satisfy everyone.

For this reason, we intend to hold regional shareholder meetings over the next three years in major centres throughout the country. These will provide a convenient opportunity for as many as possible of our shareholders to meet and question TSB directors and senior management.

The first eight afternoon and evening regional shareholder meetings will be held in Harrogate, Wembley, Birmingham and Manchester during the month immediately after the AGM on April 24.

Peter W. S. Rowland,
Secretary,
TSB Group plc,
Milk Street, EC2.

The centre of Britain

From Mr P. J. Polley

Sir, — Mr J. Gale expresses astonishment regarding the choice of Glasgow for the TSB AGM. I trust that he will be equally concerned if next year TSB chooses somewhere even further from the centre of Britain, such as London.

P. J. Polley.
Sandford House, Easby,
Richmond, N. Yorks.

Changing the system for taxing cars

From Mr H. Allsopp.

Sir,—Concerning your contributor's article on rate reform (March 31) there has been one aspect only summarily considered by the Department of the Environment and even more summarily dismissed.

Last June I suggested to the Department that a poll tax by itself was a rather crude, blunt instrument. I suggested that additionally the road fund tax should be increased and the increase given to the local authoritity where the car owner lived.

My reasons for this and the suggested advantages are as follows:

Car ownership is a more precise guide to individual prosperity, an important factor to bear in mind when true prosperity is masked by tax-avoidance and evasion.

Cars are responsible for environmental deterioration, pollution and, with their ever-increasing girth, for making impossible demands on road-space. They should be taxed according to their total perimeter.

Business cars should be taxed at twice the rate of private cars because private owners have already paid a hefty whack in non-tax-avoidance. As a compensation for this, businesses should be allowed a certain latitude in their choice of business address for cars. This would allow them to put pressure on inefficient local authorities because businesses could take their tax elsewhere.

Electrically driven vehicles should be exempt from the tax. This should give a spur to Britain's inventing a new, ultra-powerful car-battery—a stimulus to new technology.

Alan H. Allsopp
78, Etwall Road,
Birmingham 28

FINANCIAL TIMES
Friday April 10 1987

Andrew Gowers, recently in Kuwait, assesses the current balance of power in the region

Ritual dance of the Gulf gathers pace

OVER the last few weeks a ritual dance has been unfolding between the US and its Arabian Peninsula allies over the fraught question of threats to shipping in the Gulf.

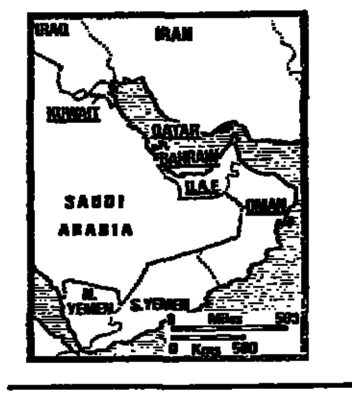
Many of its features are already familiar. They include: intense American efforts to persuade an Arab Gulf country to develop a visibly closer relationship with Washington, in this case by accepting some form of US naval protection for merchant shipping; a show of reluctance by the Gulf state in question (in this case, Kuwait); much sabre-rattling by Iran, the sworn enemy of the US and of moderate Arab regimes; and signs of close interest by the Soviet Union.

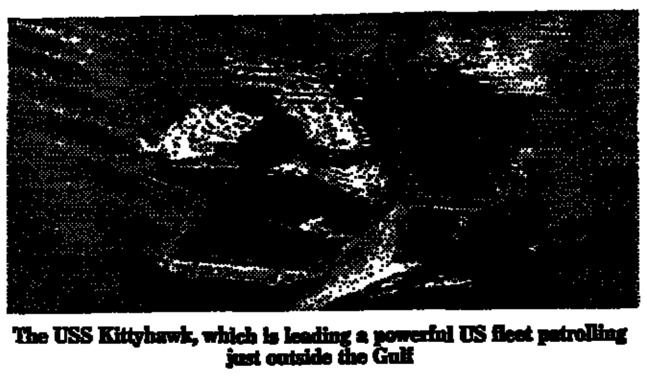
This time, however, the stakes in the strategically important Gulf may be somewhat higher than before. The manoeuvring follows what appears to have been a concerted series of Iranian attacks aimed at Kuwait, which is less than 100 miles from the front line of newly rekindled fighting in the Iran-Iraq war and is arguably the most vulnerable of all the Arab Gulf states.

At the same time both superpowers are showing a heightened desire to step up their presence. The US has the aircraft carrier Kitty Hawk just outside the Gulf in addition to its six-frigate Middle East Force within the strategically vital waterway.

The Soviet Union, reported to have had a couple of naval escort ships within the Gulf for some months, has been making its own offers of assistance to Kuwait.

The issue has arisen at a time of almost unprecedented political confusion within the Gulf following the American arms sales to Iran fiasco, which it is generally agreed has delivered a terrible blow to Washington's already shaky credibility in the Arab world. At least in part, the recent events represent an attempt by the Reagan Administration to repair some of that damage.





The USS Kittyhawk, which is leading a powerful US fleet patrolling just outside the Gulf

A clear picture of what has been happening between the US and Kuwait is confused by conflicting statements from the two sides.

But the story – or at least, its latest chapter – began last year when Iran started singling out for attack ships bound to and from Kuwait, along with Saudi Arabia one of the two biggest backers of Iraq in the war.

Between last summer and the end of February, Iran attacked 15 ships, all but one of which were either carrying the Kuwaiti flag or en route to or from Kuwait (the other was Saudi).

At roughly the same time, the US became aware that Iran had deployed Chinese-built HY-2 missiles close to the Strait of Hormuz, the Gulf's narrowest point.

Although none of the missiles has apparently been fired, Washington seized on this intelligence as grounds for renewed concern about possible serious disruption of shipping and perhaps even the closure of the Straits.

Administration officials began furiously leaking details of the weapons and stressing the long-standing US commitment to maintaining freedom of navigation in the Gulf.

They let it be known that the Pentagon was reviewing the scope of its military operations in the Gulf as a result of requests from Kuwait and other unidentified Gulf states for US protection for their commercial shipping.

At the same time, Iran began issuing strong warnings to the US to stay out, saying that the installation of the missiles was nothing new and was merely being used as a pretext by Washington to whip up anxiety among its allies.

This is where the waters become muddy. Kuwait, furious at the US leaks, denied that it ever requested such assistance. Kuwaiti officials concede, however, that they have been examining a range of options to secure the position of Kuwaiti ships, including the possibility of registering them under foreign flags. It is also true that Mr William Crowe, chairman of the US joint chiefs of staff, toured the Gulf in mid-March discussing US military co-operation.

The issue remains highly sensitive in Kuwait because of hostility to US policies on the Arab-Israeli conflict, heightened by Washington's collaboration with Israel in the Irangate saga.

Kuwait maintains a deliberate policy of balance between East and West. To the obvious annoyance of Washington, the state is believed to be discussing the possible chartering of Soviet tankers for the transport of Kuwaiti crude to points outside the Gulf in order to offset any increased co-operation with the US. Mr Vladimir Petrovsky, the Soviet deputy Foreign Minister is also due to visit Kuwait next week to discuss the Iran-Iraq war.

At the moment, for all the frantic activity among outsiders, Kuwaitis seem remarkably unruffled by the latest turn in the Gulf shipping war. The more sanguine among them point to the fact that none of their ships has been sunk, that tankers continue to make their way undeterred to the head of the Gulf. And as one Western diplomat here remarked: "If the Iranians' intention was to drive a wedge between Kuwait and Saudi Arabia, they clearly did not succeed."

However, the US State Department insisted this week that discussions were continuing with the Gulf states on the threat to shipping. There is no doubt that recent events have underlined for Kuwait's rulers just how vulnerable the state would be to disruption of Gulf shipping.

For this reason, the Government is looking for alternative ways of ensuring that its oil exports reach the outside world in the long term. Sheikh Sabah al Ahmad, the Kuwaiti Foreign Minister, confirmed this week that the Kuwait Petroleum Corporation was examining proposals to pipe crude across Saudi Arabia to the Red Sea port of Yanbu.

THE LEX COLUMN

Digging out the nuggets at RTZ

It may be a bit late in the bull market, but Rio Tinto-Zinc has decided that it really must make a big effort to improve the rating of its shares. Even after a 15p rise yesterday to 864p, RTZ's prospective price earnings multiple is still at a discount of about 25 per cent to the industrial average. This is becoming increasingly irrational, since the figures released yesterday show that RTZ's industrial businesses contributed 60 per cent of the net profits of £245m.

With a return on capital of about 23 per cent and a 1986 profits increase of 40 per cent the RTZ industrial group can stand comparison with any of the quoted industrial stocks. The question is whether or not the metals and energy businesses should keep the share rating down at present levels. Although the metals companies seem unlikely to encounter much of an increase in demand this year, it is hard to believe that the cuts in excess capacity worldwide will not soon redound to RTZ's advantage.

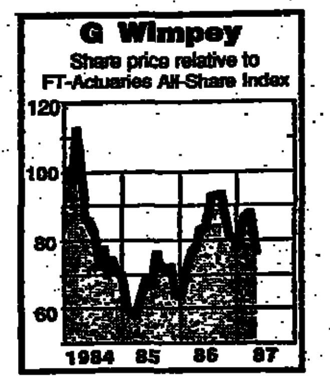
As for the energy activities, it seems clear that even without any further increase in the oil price, RTZ's oil and gas interests should get at least a third of the way back to the 1985 level of earnings. That would also be a big help in providing the UK earnings to make a dent in RTZ's ACT bill. Indeed were it not for the very large ACT liability that would result, RTZ might have considered buying in its shares to help the rating.

Not that RTZ should be too concerned about being taken over. The credentials of the present management are held in high regard, so that predators could advance only arguments based on break-up, which would not do in the current environment. And in its quiet way RTZ is already moving to realise some of its prodigious asset backing, as witness last week's sale of a package of Australian gold mining interests, on an earnings multiple several times that of the parent.

Hammerson

There is a certain logic to a property company buying its own shares, which Hammerson shareholders will have to ponder before authorising the company to purchase up to 5 per cent of the total in the market. If the assets were worth buying in the first place, then buying them again at a discount must be an even better bargain and, arguably, just as good a way to spend any spare cash as investing in properties not already owned. And as the effect would be to increase both earnings and the asset value per share, investors ought to be thrilled.

Hammerson's only regret must be not having asked shareholders' permission before the 'A' shares dived to 365p last September.



Wimpey

Like the slow-moving, heavy vehicles it once had more of a use for, George Wimpey's turning circle is not exactly tight. The three years since the new management came in have been ones of long-drawn-out agony.

Now that the end is in sight, with the re-organisation due for completion this summer, Wimpey must start looking beyond to pick out the areas which will supply some growth.

The 1986 results announced yesterday, showing pre-tax profits up 42 per cent to £66.5m, may well have relied as much on loss elimination and a fall in exceptional items as real gains in volume and margins.

As usual, Wimpey does itself no favours by refusing to reveal its profits by activity, so raising suspicions about the severity of problems remaining in the contracting, engineering and offshore businesses, now sensibly pushed together to share a reduced overhead.

Aside from waiting for an upturn, though, this hardly looks the most promising area for growth beyond general tightening of the operations.

The other two main sectors, housebuilding and the grouping headed by asphalt, must both have had good years and offer rather better opportunities in future.

Meanwhile, the sale of the builders' merchants should make no difference to either profits or the balance sheet.

At least Wimpey has just about reached the back of the skeleton cupboard, and the disappearance of exceptional and extraordinary items will make up at the bottom line for the more realistic tax charge it must now pay. Indeed, the finances are in good enough shape to permit thoughts of acquisitions.

Until these or some other pointers towards Wimpey's new direction are more apparent, the shares, down 3p to 214p yesterday, cannot expect to resume their recovery. After all, a prospective p/e around 10 is now not far off the sector average.

Guinness

The affidavits of Ernest Walter Saunders and of Thomas Joseph Ward, lodged with the Chancery Division of the High Court in London, raise more questions than they answer. And the logic of the payment of £5.2m to Mr Ward, in respect of his services during the merger with Distillers, has become more obscure, rather than clearer.

Mr Saunders says that he discussed a figure of £2.5m with Mr Ward, and that the sum was doubled because the bid succeeded. (Of course twice £2.5m is not £5.2m, but Mr Saunders did earlier explain to the court that he is "not a man versed in financial matters.") In justification of the size of the fee, Messrs Saunders and Ward both cite the fact that Mr Ward was responsible for negotiating the deal under which Distillers would pay the costs of the Guinness offer, even if the bid failed. Since the bid succeeded, Guinness, as new owner of Distillers, had to pay the underwriters. If, anything, Mr Ward's gigantic fee should have been doubled only in the event of failure.

Lloyd's members attack PCW plan

BY NICK BUNKER, INSURANCE CORRESPONDENT

LLOYD'S of London yesterday unveiled its proposed out-of-court settlement of the four-year-old PCW affair and ran into a barrage of criticism from 450 members of the former PCW insurance syndicates.

It has asked 1,547 members ("Names") of the syndicates to contribute £34m ($54.4m) between them towards a cash fund of £134m. This will be used as the premium for a Lloyd's reinsurance arrangement to provide, over the next 20 years, against underwriting losses estimated at a net £235m.

Lloyd's has set a deadline of May 30 for the affected Names to accept or reject the offer. Under the offer – which falls into two parts and affects 2,888 Lloyd's Names – it will become unconditional only if at least 90 per cent of the 1,547 worst-affected Names accept.

The net losses of £235m arose from insurance policies written by the PCW syndicates' former managers, including Mr Peter Cameron-Webb, now in the US.

Mr Peter Miller, the market's chairman, said the PCW affair had been "one of the most shameful episodes in the history of Lloyd's."

Reinsurance contracts between 1967 and 1982 were used to channel about £40m out of syndicate accounts into off-shore companies controlled by Mr Cameron-Webb and other Lloyd's market professionals.

Even before Lloyd's had announced the terms of its offer, it was condemned as "cynical," "threatening" and based on "meaningless figures" by the PCW 1985 Committee. The committee represents about 450 Names on the worst-affected syndicates.

Lloyd's Names who accept the offer will have to give up their rights to sue Lloyd's and other parties to the settlement. In return, all their liabilities arising from the syndicates' losses will end.

The UK tax authorities have also agreed to resolve tax difficulties facing PCW Names who accept the offer, although no similar agreement yet has been reached with the US tax authorities.

The PCW 1985 Committee made it clear yesterday that it had not ruled out litigation in the UK or the US against Lloyd's and a range of other parties.

It plans to hold a meeting of PCW Names in mid-May to advise them over acceptance or rejection.

Lloyd's said the remainder of the £134m needed for the settlement would be provided from the market's central resources, and from contributions from among 70 possible defendants in litigation arising from the affair.

Mr Miller said Lloyd's would contribute £45m from its central resources. However, he ruled out any levy on the remaining 32,000 Lloyd's Names.

Lloyd's said that the 70 potential defendants and their liability insurers had agreed to pay the remaining £55m needed for the settlement. Sedgwick Group, Britain's biggest quoted insurance broker, said it had contributed £10m.

Trump attack on management at UAL fires bid rumours

BY ANATOLE KALETSKY IN NEW YORK

EXCITEMENT is mounting on Wall Street about an imminent takeover or forced restructuring of UAL, parent of United Airlines, Westin and Hilton International Hotels and Hertz car rentals.

The company's beleaguered management was yesterday preparing a statement after Mr Donald Trump, the wealthy New York property developer and corporate raider who has bought almost 5 per cent of UAL's shares, was quoted in the New York Times as saying that he "totally disagreed" with the way the company was run and that he had communicated this concern to Mr Richard Ferris, UAL's chairman.

Mr Trump's hostility to Mr Ferris's strategy of turning UAL into a broadly based travel conglomerate, soon to be officially renamed Allegis, is believed to be backed by the Pritzker family of Chicago and Coniston Partners of New York.

These two groups, frequently associated with hostile bids and corporate raids, have been aggressive buyers of UAL shares in the past week.

Mr Trump is also known to have held talks with Mr Felix Rohatyn, head of Lazard Freres, the investment bank retained by the Air Line Pilots' Association in connection with its bid, announced over the weekend, for UAL's airline subsidiary.

The bid, the only offer on the table, was valued at $4.5bn by the pilots' union. However, the pilots have not lined up their financing, and have made clear that much of the proposed $4.5bn price would cover the assumption of UAL's debts.

According to many Wall Street analysts, however, the pilots' initiative has irreversibly put "in play" a company with assets suspected to be worth more individually than as a conglomerated whole.

UAL shares rose another $¾ to $72¼ in early trading yesterday, despite a generally declining stock market. The price, which valued the whole company at about $3.9bn, was 22 per cent higher than the $59 close on Friday, before the pilots announced their buyout proposal.

A growing consensus on Wall Street holds that the company's breakup value could well be more than $100 a share. Speculation about a takeover or restructuring gained credibility this week not only because of the possibility that a new management, backed by the pilots and other unions, might find it easier to cut costs at the airline, but also because of the obvious interest of Mr Trump and the Pritzkers in UAL's prize property assets.

Through its Westin subsidiary UAL owns the celebrated Plaza Hotel in New York, as well as the Century Plaza in Los Angeles.

The flamboyant Mr Trump, who rose to fame by building the Trump Tower, New York's most expensive and garishly luxurious residential development, has reportedly suggested that he could turn the modestly profitable Plaza into a condominium block worth in excess of $700m.

The Pritzkers own the Hyatt hotel chain and could be interested in adding some or all of Westin and Hilton International to their holdings.

Hertz, the car rental business would be an obvious candidate to be spun off as a separate company, which could be worth up to $2bn or $40 per UAL share, according to some analysts.

If the hotels were worth a further $1.3bn, or $25 a share, as several analysts argue, UAL's current stock price effectively puts a price of only $400m, or $7 a share, on the second largest US airline, along with its extremely valuable computerised reservation system.

Whether such calculations are strictly accurate or not, UAL's management is clearly going to have an uphill struggle proving that there are profitable synergies between its far-flung assets.

So far, there has been no sign of the allegiance among shareholders, employees or customers, which the new name Allegis was supposed to conjure up.

IMF forecast

Continued from Page 1

this represented an addition to existing plans.

West Germany, whose economy has also slowed sharply in recent months, appeared to have escaped public criticism from the US, and Mr Gerhard Stoltenberg, its Finance Minister, indicated that he would give no further commitment to boost the economy.

West Germany's Bundesbank, however, is believed to be prepared to operate its flexible monetary policy over coming months, perhaps nudging down market interest rates if the economy does not show signs of picking up.

A general anxiety among finance ministers and central bankers on the recent slowing in the pace of world growth was highlighted by the publication yesterday of the IMF's Economic Outlook.

The report forecast growth in the main industrial countries of only 2.4 per cent in 1987, down from 2.5 per cent in 1987.

Why UK mission to Japan failed

Continued from Page 1

officials express deep regret over the troubles with the UK and say every effort is being made to correct the problems.

Privately, however, they express frustration with the British. Some accuse Mrs Margaret Thatcher, the British Prime Minister, of using the problems for electioneering purposes.

Bureaucrats point out that the issue of foreign access to the telecommunications market has been under discussion for more than a year.

An official with Japan's Ministry for International Trade and Industry said yesterday: "The short-term influences of voices in the UK have not been significant to our thinking. The current thinking is part of a long-term strategy and that is that we think competition is quite desirable in this field."

However, the official added: "It is by no means because the UK got angry with us that we are pushing this. The Ministry for Posts and Telecommunications was already under strong pressure, long before Mr Howard's visit."

Meanwhile, the UK-Japan trade row is not causing any pain to the British companies operating in Japan. This week, for example, Austin Rover Japan announced March sales figures which projected a 100 per cent increase in sales this year, from 3,000 units to 6,000 units.

As for settling the troubles with the UK, an official at the Ministry of Finance perhaps best summed up the official Government line yesterday: "We realise that the UK Government's complaints are very important and we will try to make efforts to avoid any retaliation through mutual discussions."

Beyond that, for the moment, Japan is not willing to be more specific.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	17	63	Dubrovnik	F	17	63	Malta	F	21	70	Rhodes	C	20	68
Algiers	F	26	79	Edinburgh	C	9	48	Manchester	F	11	52	Rio de J'o	S	35	95
Amsterdam	C	12	54	Faro	F	17	63	Manila	S	35	95	Rome	C	21	70
Athens	S	20	68	Florence	F	19	66	Melbourne	S	15	59	Salzburg	S	17	63
Bahrain	S	26	79	Frankfurt	C	14	57	Mexico City	S	26	79	San Francisco	S	11	52
Bangkok	S	35	95	Funchal	F	19	66	Miami	S	13	55	Seoul	F	15	59
Barcelona	F	19	66	Geneva	C	10	50	Milan	R	11	52	Singapore	F	31	88
Beirut	S	22	72	Gibraltar	S	19	66	Montreal	C	6	43	Stockholm	S	2	36
Belfast	R	9	48	Glasgow	C	8	46	Moscow	S	2	36	Strasbourg	C	12	54
Belgrade	C	24	75	Guernsey	C	10	50	Munich	F	16	61	Sydney	C	17	63
Berlin	C	15	59	Helsinki	S	4	39	Nairobi	–	—	—	Taipei	S	30	86
Biarritz	R	12	54	H. Kong	C	24	75	Naples	S	19	66	Tangier	–	—	—
Bombay	S	30	86	Innsbruck	F	18	64	Nassau	C	26	78	Tel Aviv	F	19	66
Bordeaux	C	14	57	Inverness	R	7	45	New Delhi	S	36	97	Tenerife	F	21	70
Brussels	C	12	54	Islamabad	S	23	73	New York	S	14	58	Tokyo	C	18	64
Budapest	C	13	55	Istanbul	S	17	63	Nice	R	13	55	Toronto	S	3	37
B. Aires	R	23	73	Jakarta	R	33	91	Nicosia	S	21	70	Tunis	C	23	73
Cairo	S	24	75	Jersey	S	12	54	Oporto	F	14	57	Valencia	F	23	73
Cape Town	F	21	70	Jo'burg	S	26	79	Oslo	F	3	37	Venice	C	13	55
Caracas	S	31	88	Lima	S	26	78	Paris	C	13	55	Vienna	C	16	61
Casablanca	C	17	63	Lisbon	R	18	64	Peking	R	12	54	Warsaw	C	9	48
Chicago	S	-1	30	London	C	13	55	Prague	F	16	61	Washington	S	8	46
Cologne	C	13	55	Los Angeles	S	32	89	Reykjavik	R	2	36	Zurich	C	11	52
Copenhagen	C	3	37	Luxembourg	C	11	52								
Corfu	S	19	66	Madrid	F	14	57								
Dallas	S	6	43	Majorca	S	21	70								
Dublin	R	9	48	Malaga	S	20	68								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Irish court delays closer EEC ties

Continued from Page 1

land's membership of the Community was not in doubt as a result of the supreme court judgment. He wanted time to study the judgment fully but intended taking action "in a matter of days" and was prepared to recall parliament from the imminent Easter recess if necessary.

The Supreme Court's 3-2 majority decision was based on objections to Title 3 of the single act which provides for a common European foreign policy and the establishment of a secretariat co-ordinating European political co-operation. It did not object to other aspects of the act such as those covering a reduction in the use of the veto in the Community's policy making.

The court said Title 3 involved a fundamental shift of each member's foreign policy-making from a national to a Community level. This conflicted with articles five and six of the Irish Constitution asserting Ireland's sovereign independence and the ultimate right of the Irish people to decide all questions of national policy.

"Without appropriate constitutional amendment, ratification of the Single European Act, in so far as it contains Title 3, would be impermissable under the constitution," the court ruled.

Quentin Peel in Brussels writes: Diplomats and EEC officials reacted with consternation in Brussels yesterday at the news of the Irish Supreme Court decision, which they fear will delay implementation of the Single European Act by months rather than weeks.

The immediate effect is likely to be to take the pressure off members states from reaching early decisions on a whole range of questions, particularly on removing barriers to internal trade.

"It means everything goes back into the melting pot," a legal expert said.

The irony is that the most important issue on which the Supreme Court decided the case – the incorporation of foreign policy co-operation into the Treaty of Rome, the Community constitution – is likely to be least affected.

A secretariat for such political co-operation is already set up in the building which houses the Council of Ministers in Brussels

SECTION II – COMPANIES AND MARKETS
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FRENCH BANK POSTS 41% ADVANCE

CCF puts profits up in lights

BY GEORGE GRAHAM IN PARIS

CREDIT COMMERCIAL de France, the French bank, is putting its profits up in lights along the Champs Elysées, to launch its imminent privatisation.

The group, which raised consolidated net profits last year by 41 per cent to FFr 360.5m ($59.4m), excluding minorities, has pinned an 80-metre long illuminated chart of its earnings growth to the front of its headquarters building along the main Paris avenue.

The group was completely restructured at the end of last year by merging the holding company, Compagnie Financiere de CCF, with the main of CCF bank, which now becomes the group's parent company.

Mr Gabriel Pallez, president of the CCF group, said the bank had recorded a "spectacular" 17 per cent growth in its deposits from personal customers last year, thanks largely to its world lead in electronic home banking services.

Lending activities remained stable, but commission earnings rose by 18 per cent and now account for nearly a third of CCF's income. Lending by the parent bank declined by 7 per cent, despite a 16 per cent increase in personal sector lengin.

Gross operating profits for the group rose by 32 per cent to FFr 1.87bn, while realised capital gains, which were below average in 1985, nearly tripled to FFr 232.9m.

Consolidated provisions for bad debt risks rose more slowly than in recent years, climbing by 10 per cent to FFr 1.26bn. The CCF parent company alone made provisions of FFr 976.5m.

The slower provisioning effort, however, follows a major operation, carried out during the merger of the holding company and the main operating arm, to boost CCF's sovereign debt provisions by FFr 2.14bn (as exclusively revealed in the Financial Times of March 14).

Mr Michel Pebereau, CCF's managing director, said the group had made 4.6 times as many provisions in 1982–86 as in the preceding five-year period, but this effort had been largely directed at covering client risks.

An increase in country risk provisions had been urged by the Commission Bancaire, the French banking regulatory authority, to bring CCF's rate of cover into line with the average for French banks.

These extra provisions have been made by drawing on the assets and profits of the Compagnie Financiere holding company at the time of its merger with the CCF bank.

The operation leaves CCF with a claim of FFr 2bn on the state holding company consortium Francais de Participations Bancaires, which will be largely settled at the time of the privatisation in the next few weeks.

CCF has established a strong position in the capital markets, especially the Eurofranc market, and has recently built up its position in the French and international equity markets.

Mr René de la Serre, deputy managing director in charge of financial operations, said that Laurence Prust, the London stockbroker of which CCF bought control last year, had made profits of around £400,000 ($644,000) last year. He said this was a reasonable return on the £4m CCF had paid.

Gemina set to buy stake in Ambrosiano

By Alan Friedman in Milan

GEMINA, the Milan holding company which is effectively controlled by Fiat, is negotiating to acquire between 10 and 12 per cent of Nuovo Banco Ambrosiano (NBA), the successor to the late Mr Roberto Calvi's bank.

The negotiation, which could lead to Gemina spending around L200bn ($154m) on the NBA shareholding, comes more than six months after the Bank of Italy told both Gemina and a holding company controlled by Mr Carlo De Benedetti that neither would be allowed to acquire the Italian subsidiary of the Bank of America.

For several months now Gemina, which is chaired by Fiat managing director Cesare Romiti, has been seeking to obtain a significant equity stake in a bank. Mr Giovanni Goria, the Treasury Minister, and Mr Carlo Ciampi, the Central Bank Governor, are both opposed to industrial or holding vehicles buying shareholdings in banks much beyond the 10 per cent level.

One top government official spoke of the dangers of industrial groups getting their hands on deposit funds and said: "One must ask oneself exactly why they want to control banks and what their real goals are."

Gemina yesterday refused to comment on a detailed Italian press report about the Ambrosiano negotiations. Credito Emiliano, one of the major bank shareholders in NBA, said last night, however, that Gemina "has made a proposal to acquire our 2.69 per cent stake in Ambrosiano and our board of directors will consider the offer."

Nuovo Ambrosiano, which has been restructured since it was founded in the wake of the 1982 collapse of the Calvi bank, is today a profitable and quoted northern Italian private bank.

Comau acquires three French tool companies

BY PAUL BETTS IN PARIS

COMAU, the factory automation and machine tool subsidiary of the Italian Fiat group, has acquired three French machine tool companies as part of its efforts to expand its European penetration.

The Italian group has merged the three French companies including Graffenstaden-Machine Outil, Hure and Intelautomatisme into a new company called Huron-Graffenstaden with plants in Strasbourg and near Paris employing a total of 380 people.

The new venture will not only enable Fiat's large factory automation subsidiary to increase its penetration of the French market but also help it build a stronger presence in West Germany, where the French concern owns a commercial subsidiary.

Comau paid only a symbolic 3 francs for the three French machine-tool companies which had all been under bankruptcy proceedings since last October. This followed a dispute between the French Government and the shareholders of the three concerns including the Suez financial group, a subsidiary of the state Institut de Developpement Industriel (IDI) and the Cit-Alcatel telecommunications group.

The French concerns were involved in the French Government's restructuring and recovery programme for the troubled French machine tool industry in 1984. However, the three principal shareholders claimed that the Government had delayed granting the state financial support envisaged in the machine tool plan.

For its part the Government claimed that the shareholders had not kept their side of the bargain by delaying a capital increase for the troubled machine-tool companies.

The three companies lost a total of about FFr 850m ($141.6m) during the past four years including about FFr 170m last year.

The new Italian-controlled company regrouping the French machine-tool activities will start with an initial capital of FFr 6m due to rise to FFr 24m by the end of this year.

At the same time, Comau plans to invest FFr 79m over the next two years to restructure the operations and enable them to break-even in 1989 and become solidly profitable two years later.

The Italian group saw in the French operations an opportunity to expand its factory automation and machine-tool business on the European market, especially in the competitive West German market through the Huron commercial subsidiary in West Germany which it took over as part of the French deal.

Cominco to offer shares in new unit

By Bernard Simon in Toronto

COMINCO, the Vancouver base metals and fertiliser group, is to offer shares to the public in a new international exploration and mining company.

The new venture is to be known as Cominco Resources International (CRI). It is part of the restructuring of Cominco which began last November with the purchase of a controlling interest in the company by a three-nation metals consortium.

The consortium comprises Teck Corp of Vancouver, West Germany's Metallgesellschaft and MIM Holdings of Australia.

Cominco said CRI's activities would include the exploration and development of its mineral holdings, excluding those in Canada, Alaska and Australia.

The new company will thus not be involved in Cominco's most ambitious current projects – development of the rich Red Dog zinc deposit in Alaska or the Hellyer zinc, lead and silver deposit in Australia.

A Cominco official said yesterday that more than half the company's exploration work would be included in CRI, mainly in the US, western Europe and Latin America.

CRI's assets will also include the Buckhorn heap leach gold mine in Nevada, which completed its first full year of production last year.

Boost for big Dutch insurers

BY OUR FINANCIAL STAFF

THE TWO biggest insurance groups in the Netherlands, Nationale-Nederlanden and Aegon, yesterday announced modestly higher profits for 1986 and forecast that further progress would be made this year despite difficult operating conditions.

Nat-Ned reported net profits up 5 per cent to Fl 635.5m ($308m) for 1986 and is to pay a dividend of Fl 2.50 a share, against Fl 2.38. Its local rival, Aegon, has improved net profits by 6 per cent to Fl 327m. It is holding the 1986 dividend at Fl 2.60 a share but lifting the quity element to 2.4 shares from 2.2.

Nat-Ned coupled its results announcement with the forecast of at least maintained profits for 1987. Aegon was fractionally more optimistic, suggesting that earnings for this year would show a moderate increase.

Total revenues at Aegon fell 8 per cent to Fl 7.97bn. They would have advanced by about 7 per cent but for negative foreign exchange movements and what the company described as a change in accounting practices.

The company faced problems in the US following last year's acquisition of Monumental Corporation. It said new product costs had almost completely eroded Monumental's 1986 earnings. The US group had also been involved in heavy write-offs.

About Fl 657m has been written off in goodwill at Monumental and as a result Aegon's group shareholder funds at the end of last year stood at Fl 2.71bn, against Fl 3.46bn a year earlier.

Nat-Ned's total revenue last year was unchanged at Fl 17.35bn with unfavourable currency movements holding growth in check. The company, which obtains 50 per cent of its revenue from outside the Netherlands, said negative foreign exchanges prevented last year's turnover being Fl 1.97bn higher.

Life business fell from Fl 428m to Fl 366m, Nat-Ned said. As well as currency factors, the life side had been hit by tighter interest margins

VW confirms payout will be unchanged

BY HAIG SIMONIAN IN FRANKFURT

HARD on the heels of Tuesday's arrest of Mr Burkhard "Bobby" Junger, Volkswagen's former foreign exchange head, in connection with an alleged DM 480m ($266m) foreign currency fraud at the company, VW yesterday confirmed it is to pay an unchanged DM 10 dividend.

VW's supervisory board yesterday considered the reports of the three banks advising on how the company should run its foreign exchange business.

The board's decision has not been made known. However, it is to ask an accountancy firm for an audit in addition to measures already taken.

The banks advising the Wolfsburg-based group, which include two of West Germany's largest institutions as well as a smaller private firm, are believed to have produced broadly similar conclusions.

VW has requested that they present a joint finding. The two largest banks have already exchanged notes.

Top of their list is that VW should desist from large-scale foreign exchange arbitrage and concentrate on running its everyday foreign exchange business more professionally.

Day-to-day foreign exchange dealings were much cast in the shade in VW's previous treasury structure, where arbitrage had priority.

Hungary joins in East-West investment unit

By Patrick Blum in Vienna

TWO WESTERN financial institutions and the Hungarian foreign trade bank have decided to establish what is claimed to be the first East-West joint venture brokerage firm in a Communist country.

The company, to be called the International Investment Agency, will be based in Budapest. It is being set up as a joint stock company with a nominal capital of $210,000 provided in equal shares by the Girozentrale Bank, Austria's second largest bank, Continental Industries GmbH – a Vienna subsidiary of Continental Industries of Liechtenstein – and the Hungarian Foreign Trade Bank.

German bank's earnings up

BY HAIG SIMONIAN IN FRANKFURT

BERLINER Handels- und Frankfurter Bank (BHF), the Frankfurt-based merchant bank, sharply increased its earnings last year, thanks largely to a 25 per cent jump in commission income generated by higher stock market turnover.

BHF's partial operating profits rose 14.8 per cent to DM 177m ($97.2m). Full operating profits, which are not disclosed but include gains from own-account trading, increased by "just a few per cent more," according to a BHF partner, Mr Klaus Subjetzki.

The bank's net income rose almost 30 per cent to DM 76m against DM 58m last year. However, Mr Subjetzki said the "special" results of 1986 were unlikely to be repeated. BHF is not raising its DM 12 dividend per ordinary share, but is paying a one-off bonus of DM 2 a share instead.

Commission income at BHF increased to DM 174m. By contrast, interest income rose only 8.3 per cent to DM 267, against 11.2 per cent in 1985, although the bank's interest margin remained static at slightly less than 2 per cent.

The bank's consolidated balance sheet rose 4.6 per cent to DM 27.5bn. Mr Subjetzki said the figure would have been DM 1bn higher had it not been for the fall in the dollar.

BHF is setting up a capital markets division in London to specialise in West German equity research and trading, and which should be operational by August. Meanwhile, the bank hopes to receive permission for securities trading in Tokyo by the end of July, with business starting early next year.

Bayerische Hypotheken- und Wechsel-Bank (Bayerische Hypo), the large West German bank, reported an increase in its group balance sheet to DM 120.4bn last year against DM 112.6bn in 1985.

Partial operating profits at the Munich-based bank fell 1.1 per cent in 1986 to DM 872m. However, this should be seen in the context of the "extreme" 16 per cent increase in partial operating profits in 1985.

Swiss engineer lifts income

By John Wicks in Zurich

SULZER BROTHERS, the Swiss engineering group, last year booked a jump in consolidated net earnings from SFr 42m ($28m) to SFr 67m. This is the highest group profits figure since that of SFr 84m in 1977.

The sharp improvement in earnings was possible despite almost unchanged group turnover of SFr 4.55bn, as compared with SFr 4.54bn in 1985.

The Winterthur-based parent company whose own net profits rose by 44 per cent to SFr 38.2m, is at the May 7 shareholders' meeting to propose increased payments of SFr 100 (1985: SFr 80) per share of SFr 1,000 nominal value and SFr 10 (1985: SFr 8) per share and paticipation certificate of SFr 100 nominal value.

Midland to announce top-level changes

BY DAVID LASCELLES, BANKING EDITOR, IN LONDON

MIDLAND BANK is expected to announce a number of top level management changes today, including the departure of two senior executives.

One of the two senior executives expected to leave is Mr Ian Paterson, the chief executive in charge of retail banking, the largest of Midland's four main operating divisions. He was appointed only last year.

Mr Paterson's departure is likely to be viewed with some surprise since retail banking was one of the strongest areas of profit growth in Midland last year. He was not available to comment last night, and Midland Bank declined to confirm that an executive shake-up was in the offing.

The changes are part of the restructuring of Midland's management being undertaken by Sir Kit McMahon, the chief executive who is also due to assume the chairmanship of Midland Bank on May 1.

Midland's board meets today to approve Sir Kit's plans in advance of the bank's annual meeting on April 30 when the present chairman, Sir Donald Barron, will be stepping down.

SSAB hit by restructuring

By Sara Webb in Stockholm

SSAB, the Swedish state-controlled commercial steel group, reported losses (before provisions and taxes) of SKr 893m ($140m) for 1986 due to major restructuring costs which the new management is planning in order to make the group more competitive and a stronger candidate for an eventual stock market launch.

Mr Bjoern Wahlstroem, SSAB chairman, said that SSAB must change from being a diversified steel group and concentrate on sheet steel production while cutting back the loss-making areas such as its mines and long products divisions.

Grupo Alfa wins debt reprieve

BY DAVID GARDNER IN MEXICO CITY

GRUPO INDUSTRIAL Alfa, the battered flagship of Mexican private enterprise and Latin America's largest private foreign debtor, is to cede around 20 per cent of preferred stock in Hylsa, its steel-making concern, to the state development bank Banobras.

In return Banobras will defer repayments – probably for 12 years – on loans totalling pesos 20.7bn ($18.3m), which grew out of a highly controversial pesos 12bn emergency credit granted to the Monterrey-based group in October 1981, just before it became insolvent.

Alfa, which owes $2.7bn abroad, suspended principal payments on its foreign debt in April 1982 and ceased paying about 75 per cent of its interest bill in August the same year, when Mexico ran out of foreign exchange.

Nearly four years of restructuring negotiations with some 130 creditor banks came to grief early last year. Alfa, whose core business is steel and petrochemicals, saw its performance projections overtaken by the new, oil shock-induced downturn in the Mexican economy, and by price controls on steel, which generates about a third of group cash-flow.

But in October, Alfa reached agreement in principle with the steering committee of its creditors, who are to write off $920m of debt at Giasa, the holding company, in exchange for a 45 per cent stake. Alfa will in addition pay $20m cash and buy $200m of Mexican sovereign debt from creditor banks.

This innovative use of the debt-for-equity swap facility, introduced by the government last August to attract foreign investment, should allow the troubled group to turn the retired sovereign debt into a substantial peso investment, now that the authorities plan to allow Mexican private investors to use the mechanism.

Under normal swap practice, the debt is purchased at typically, 60 cents on the dollar from a foreign creditor and then redeemed in pesos with the government at around 90 per cent of its face value.

Alfa said banks holding 92 per cent of the Giasa debt had already assented to the deal, which once finalised will leave the Hylsa foreign debt of just over $1bn still to be rescheduled for this, the biggest corporate debt restructuring in Latin America since the debt crisis began here in 1982, to be completed.

The Banobras deal, however, has raised some eyebrows because it looks like the state increasing its involvement in the economy, whereas the government of President Miguel de la Madrid has made the reduction of a bloated public sector one of its main policy planks.

The surrender of shares was, however, envisaged in the original debt covenants with Banobras, and, as a senior finance official pointed out yesterday, public sector efficiency is also government policy, and state-run banks "have to call in their loans too."

INTL. COMPANIES AND FINANCE

GE $624m ahead in quarter

BY ANATOLE KALETSKY IN NEW YORK

GENERAL ELECTRIC earned $624m, or $1.37 a share, after tax in the first quarter of 1987, 16 per cent up on the $537m, or $1.18, a year earlier. The figures were in line with generally favourable market opinion about GE.

However, the underlying profits performance was unusually difficult to interpret because of the effects of GE's $6.4bn purchase of RCA in June 1986. This resulted in the combined company's total sales growing more rapidly than its profits – by 41 per cent from $5.86bn in the first quarter of 1986 to $8.32bn in the quarter just ended.

GE has made no attempt to quantify the effects of the RCA acquisition since its quarterly statement for the third quarter of 1986, when it said that RCA's earnings had "about offset" the costs of financing the acquisition, with no dilution in earnings per share.

Since then RCA's businesses, except for the National Broadcasting Company, have been integrated into GE's operating divisions and it is no longer possible to distinguish between the two companies' contributions to revenues and profits, according to GE.

GE's chairman, Mr Jack Welch, said the results confirmed the expectations of double-digit earnings growth for 1987 as a whole, which the company would achieve despite the background of "modest" worldwide economic growth.

He singled out the aircraft engines and medical systems businesses as particularly strong performers in the latest quarter. Domestic appliances, materials, broadcasting and insurance were also producing strong profits growth.

Earnings from power systems, industrial products and consumer electronics were all down, mainly as a result of restructuring charges.

Altogether restructuring provisions cost GE $308m before tax in the latest quarter. These losses were largely offset by a one-off positive effect of $281m from the adoption of new conventions for inventory accounting.

American Brands in $545m acquisition

By James Buchan in New York

AMERICAN BRANDS, the diversified US tobacco group which was recently outbid by Unilever for the Chesebrough-Pond's consumer products group, has announced that is buying the spirits division of National Distillers & Chemical Corp for $545m.

The purchase by James B. Beam Distilling, the American Brands subsidiary that makes the best-selling Jim Beam bourbon, will create one of the largest US drinks companies with sales of about $850m.

The National Distillers division, which enjoys sales revenues of nearly $600m, sells such brands as Old Grand-Dad bourbon, Gilbey's gin and vodka and the De Kuyper range of flavoured schnapps.

The sale marks National Distillers' final withdrawal from the liquor industry, which it entered in 1924. National came out of Prohibition in 1933 with 45 per cent of the bonded whisky in the US, but from the 1950s the company invested increasingly in organic chemicals and propane marketing.

In January, National Distillers sold its wine business for $128m, to Heublein, itself acquired by Grand Metropolitan later that month.

National Distillers said it preferred to concentrate on the chemicals business where it could enjoy market leadership rather than in the profitable, but slow-growth and competetive drinks industry.

The prices paid for the two divisions, which together earned around $50m last year on sales of $700m, confirm the premiums recently paid for drinks brands by Grand Met and by Allied-Lyons, which last year bought Hiram Walker of Canada.

Top accountancy firm accused of negligence

BY LOUISE KEHOE IN SAN FRANCISCO

CALIFORNIA STATE officials have threatened to revoke or suspend the state operating licence of KMG Main Hurdman, which last week completed its merger with Peat Marwick to form the world's largest accounting firm. The state has charged KMG Main Hurdman with "gross negligence" and "ignorance" in auditing Technical Equities, a California property investment company that declared bankruptcy last year.

The action is believed to be the first time the state has threatened the licence of a major accounting firm and is one of the biggest such cases ever filed in the US.

A complaint has been filed by the state attorney general and will be heard by an administrative law judge within 15 days. The state's board of accountancy, which issues state licences to accountants, will then decide what, if any, sanctions to impose on the firm. It is not yet clear whether any action taken against KMG would affect the newly merged firm of Peat Marwick Main.

Responding to the charges, the accountancy firm claimed that the accusations were "filled with technical inaccuracies."

Loss at General Instrument

BY OUR FINANCIAL STAFF

GENERAL INSTRUMENT, the diversified US cable television and electronics group, suffered a net loss of $90.5m, or $2.80 a share, in its fourth quarter compared with a profit of $5.27m, or 17 cents. The result was after a loss of $91.6m on discontinued activities.

For the year the loss was $80.4m, against $66.5m, or $2.49 against $2.07, on sales up at $788m against $612m.

NOTICE OF PARTIAL REPAYMENT

US$175,000,000

FLOATING RATE CERTIFICATES DUE 1990

PAYABLE SOLELY FROM THE PROCEEDS OF
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NOTICE IS HEREBY GIVEN that pursuant to the terms of the Loan Agreement of the Certificates, US$48,610,000 principal amount has been drawn for mandatory partial repayment at their principal amounts, together with accrued interest, on 12th May, 1987 (the "Redemption Date"), when interest on the Certificates will cease to accrue.

The serial numbers of the Certificates drawn for the mandatory partial repayment are as follows:

4	361	735	1135	1468	1903	2232	2575	2964	3318	3717	4065	4471	4842	5185	5536	5922	6293	6664	7036	7495	7897	8247	8666	9100	9474	9873	10297	10717	11065	11427	11796	12175	12606	12969	13379	13755	14163	14532	14915	15291	15700	16033	16417	16765	17131
7	362	737	1136	1475	1906	2239	2577	2971	3320	3719	4066	4477	4846	5188	5538	5926	6295	6666	7045	7504	7909	8249	8670	9102	9478	9874	10306	10722	11067	11431	11800	12177	12607	12977	13380	13759	14165	14534	14916	15292	15702	16035	16427	16770	17139
8	363	742	1143	1477	1909	2243	2584	2972	3321	3724	4074	4479	4849	5191	5546	5927	6296	6668	7050	7505	7912	8252	8682	9104	9479	9876	10312	10724	11068	11432	11801	12189	12613	12979	13381	13760	14166	14540	14918	15294	15706	16038	16435	16771	17140
13	380	746	1146	1483	1910	2247	2588	2974	3325	3726	4081	4481	4854	5192	5548	5931	6311	6675	7053	7506	7913	8254	8683	9107	9480	9883	10323	10726	11074	11436	11803	12199	12614	12980	13384	13761	14168	14542	14921	15298	15708	16040	16438	16777	17141
16	381	747	1148	1486	1913	2248	2593	2985	3329	3727	4083	4482	4856	5195	5549	5935	6313	6677	7054	7518	7914	8256	8688	9108	9481	9887	10328	10728	11075	11439	11804	12202	12618	12982	13393	13763	14169	14543	14922	15304	15709	16042	16440	16778	17149
20	384	748	1157	1488	1915	2255	2595	2987	3330	3728	4096	4484	4858	5201	5553	5936	6316	6680	7055	7522	7916	8258	8690	9109	9486	9895	10339	10729	11077	11440	11815	12205	12624	12991	13394	13764	14179	14545	14929	15306	15711	16046	16443	16781	17153
22	386	756	1158	1489	1917	2262	2599	2988	3332	3729	4098	4489	4859	5203	5565	5944	6318	6686	7059	7525	7918	8260	8692	9111	9492	9899	10340	10732	11078	11445	11817	12210	12627	12995	13397	13766	14187	14546	14930	15310	15717	16048	16447	16782	17155
25	388	758	1159	1493	1918	2263	2600	2989	3338	3730	4103	4499	4860	5204	5567	5948	6324	6689	7067	7528	7922	8263	8696	9112	9496	9909	10344	10734	11080	11446	11827	12214	12638	13006	13403	13770	14195	14548	14938	15314	15719	16049	16448	16786	17160
27	392	761	1160	1494	1920	2272	2609	2993	3343	3734	4107	4500	4862	5207	5576	5954	6326	6695	7069	7532	7925	8269	8698	9114	9497	9911	10346	10747	11088	11447	11828	12218	12640	13012	13404	13771	14199	14549	14941	15320	15723	16051	16451	16796	17165
31	393	765	1172	1496	1922	2278	2613	2996	3348	3735	4109	4502	4866	5210	5579	5955	6327	6708	7071	7533	7929	8273	8701	9115	9509	9918	10355	10750	11095	11448	11832	12224	12641	13014	13409	13781	14206	14554	14944	15321	15724	16053	16454	16798	17166
35	400	766	1174	1498	1923	2289	2617	2997	3351	3738	4115	4512	4871	5216	5585	5958	6335	6709	7078	7539	7931	8281	8703	9125	9516	9919	10356	10755	11104	11449	11835	12231	12650	13017	13421	13783	14207	14555	14949	15325	15726	16057	16459	16803	17169
36	401	767	1175	1500	1934	2290	2618	2999	3353	3745	4128	4514	4873	5217	5587	5960	6336	6713	7080	7542	7940	8282	8704	9133	9517	9928	10358	10757	11113	11452	11836	12235	12651	13018	13422	13784	14210	14557	14950	15326	15731	16072	16460	16807	17175
38	402	771	1180	1501	1938	2291	2624	3001	3357	3751	4129	4521	4876	5225	5590	5961	6343	6720	7087	7543	7941	8288	8708	9137	9524	9930	10363	10765	11123	11459	11843	12238	12653	13023	13427	13787	14213	14560	14961	15330	15733	16074	16468	16809	17176
40	406	775	1181	1512	1945	2292	2625	3005	3359	3753	4135	4522	4879	5229	5591	5962	6347	6725	7088	7544	7943	8292	8718	9139	9526	9932	10371	10766	11127	11464	11844	12239	12657	13029	13434	13788	14216	14561	14963	15337	15734	16081	16470	16813	17178
43	410	781	1182	1514	1948	2295	2626	3010	3367	3754	4137	4540	4880	5230	5600	5963	6351	6736	7091	7547	7946	8295	8723	9142	9539	9934	10375	10767	11130	11470	11847	12240	12660	13031	13440	13789	14221	14562	14970	15342	15735	16083	16471	16817	17179
45	413	783	1185	1519	1953	2297	2629	3011	3369	3761	4139	4545	4883	5243	5603	5969	6352	6749	7092	7549	7947	8296	8724	9145	9543	9938	10376	10770	11132	11472	11850	12251	12662	13034	13442	13794	14227	14563	14974	15344	15739	16085	16476	16832	17181
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235	622	1021	1371	1783	2142	2475	2859	3201	3568	3944	4354	4742	5108	5441	5806	6165	6552	6932	7374	7747	8146	8566	8913	9354	9756	10185	10612	10958	11310	11655	12065	12490	12863	13251	13661	14040	14436	14806	15198	15556	15927	16314	16639	17008	17422
240	623	1029	1374	1788	2143	2486	2866	3203	3570	3955	4356	4746	5113	5442	5816	6166	6555	6933	7377	7749	8150	8572	8922	9359	9758	10198	10616	10967	11311	11657	12072	12498	12864	13252	13662	14047	14440	14809	15199	15565	15928	16319	16643	17012	17424
242	629	1031	1375	1791	2144	2488	2869	3211	3572	3956	4360	4748	5114	5445	5817	6174	6556	6934	7379	7760	8153	8575	8924	9363	9762	10199	10617	10984	11325	11664	12081	12502	12867	13253	13666	14049	14446	14818	15201	15567	15932	16322	16646	17014	17439
245	633	1034	1378	1793	2145	2489	2870	3220	3579	3967	4363	4751	5116	5448	5822	6175	6558	6935	7380	7763	8154	8576	8935	9365	9763	10201	10626	10987	11327	11668	12082	12503	12869	13259	13667	14053	14447	14821	15203	15569	15938	16331	16652	17015	17440
249	634	1038	1380	1799	2147	2495	2877	3221	3589	3970	4366	4752	5123	5449	5831	6180	6559	6938	7385	7768	8155	8578	8940	9369	9775	10202	10628	10991	11329	11669	12083	12505	12876	13260	13668	14058	14448	14824	15210	15570	15940	16333	16657	17016	17442
254	641	1044	1389	1813	2152	2498	2879	3226	3592	3974	4369	4753	5124	5451	5832	6183	6560	6945	7386	7775	8156	8583	8941	9376	9777	10203	10631	10994	11334	11670	12085	12507	12881	13265	13671	14059	14449	14826	15224	15573	15941	16340	16658	17017	17445
260	642	1045	1394	1815	2153	2503	2881	3228	3595	3975	4376	4755	5125	5454	5837	6187	6568	6947	7393	7788	8161	8585	8957	9379	9779	10219	10635	10996	11341	11676	12097	12519	12882	13267	13673	14060	14450	14829	15226	15574	15944	16342	16660	17018	17449
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265	645	1064	1404	1820	2158	2507	2893	3234	3599	3987	4380	4764	5132	5460	5844	6206	6573	6955	7398	7804	8176	8590	8959	9386	9782	10223	10641	11003	11348	11687	12101	12529	12891	13271	13678	14066	14456	14834	15232	15583	15948	16345	16666	17038	17456
266	649	1066	1405	1822	2159	2513	2898	3237	3605	3992	4383	4775	5134	5461	5852	6207	6574	6958	7400	7815	8178	8596	8964	9387	9784	10225	10648	11006	11350	11688	12111	12531	12892	13272	13680	14079	14463	14840	15236	15585	15956	16347	16675	17046	17457
273	655	1069	1410	1825	2168	2515	2900	3241	3606	3994	4384	4778	5135	5463	5855	6210	6578	6962	7403	7819	8179	8597	8968	9389	9787	10228	10651	11009	11352	11694	12116	12532	12904	13274	13689	14083	14465	14847	15238	15587	15957	16349	16685	17048	17463
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289	667	1077	1417	1839	2177	2527	2906	3254	3614	4002	4396	4786	5140	5484	5862	6231	6586	6976	7420	7834	8190	8605	8983	9396	9792	10234	10660	11017	11356	11699	12121	12548	12915	13286	13692	14092	14469	14853	15245	15602	15968	16355	16705	17067	17488
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297	669	1086	1423	1847	2180	2530	2917	3263	3631	4007	4398	4790	5142	5491	5866	6243	6597	6981	7429	7842	8194	8618	8987	9403	9804	10238	10667	11020	11358	11708	12127	12551	12920	13289	13696	14100	14478	14856	15249	15617	15974	16358	16708	17074	17493
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306	679	1090	1426	1853	2186	2537	2920	3269	3638	4015	4405	4797	5147	5493	5877	6251	6602	6983	7440	7847	8200	8629	9004	9410	9812	10240	10669	11023	11365	11714	12131	12559	12924	13293	13711	14105	14480	14863	15252	15621	15983	16364	16713	17080	
312	680	1099	1427	1856	2189	2538	2923	3275	3640	4024	4411	4798	5151	5495	5878	6255	6609	6986	7441	7849	8201	8633	9013	9415	9820	10241	10677	11029	11380	11715	12135	12561	12925	13295	13712	14106	14491	14865	15253	15627	15987	16368	16718	17081	
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321	694	1109	1437	1879	2196	2546	2941	3297	3649	4043	4431	4811	5158	5502	5898	6270	6631	7006	7454	7862	8209	8640	9028	9433	9839	10253	10686	11050	11397	11760	12145	12570	12933	13332	13725	14119	14506	14883	15264	15643	15999	16384	16734	17094	
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330	720	1116	1446	1886	2204	2558	2944	3300	3660	4049	4448	4823	5169	5508	5906	6275	6649	7018	7476	7880	8222	8649	9044	9438	9850	10268	10691	11053	11408	11766	12160	12582	12939	13347	13735	14136	14511	14899	15272	15655	16012	16395	16746	17110	
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335	726	1121	1448	1889	2214	2561	2949	3305	3680	4052	4453	4826	5173	5515	5910	6278	6654	7024	7482	7882	8226	8651	9053	9445	9855	10275	10695	11055	11410	11772	12164	12587	12943	13355	13739	14144	14520	14901	15274	15671	16023	16406	16748	17115	
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346	729	1129	1454	1893	2221	2565	2955	3311	3686	4056	4456	4831	5177	5520	5913	6284	6659	7026	7487	7892	8232	8661	9083	9458	9863	10277	10708	11060	11416	11780	12167	12592	12955	13362	13744	14152	14528	14904	15281	15688	16027	16412	16754	17120	
349	732	1130	1456	1894	2224	2572	2958	3312	3693	4058	4468	4836	5178	5524	5915	6288	6660	7029	7492	7894	8233	8664	9084	9464	9866	10293	10712	11061	11417	11786	12172	12597	12956	13369	13746	14157	14529	14905	15282	15698	16029	16414	16762	17124	
359	734	1131	1462	1895	2227	2574	2963	3313	3709	4063	4469	4837	5182	5531	5919	6292	6663	7031	7493	7896	8242	8665	9088	9465	9869	10296	10714	11064	11420	11787	12174	12602	12964	13374	13749	14160	14530	14910	15285	15699	16032	16416	16763	17129	

Repayment of principal will be made upon presentation of the Certificates with all unmatured Coupons attached, at the offices of any one of the Paying Agents mentioned thereon.

Accrued interest due 12th May, 1987 will be paid in the normal manner against presentation of Coupon No. 4, on the next interest payment date, being 12th May, 1987.

Upon the due date for redemption of any Certificate, unmatured Coupons relating to such Certificate (whether or not attached) shall become void and no payment shall be made in respect thereof.

Where any Certificates are presented for redemption without all the unmatured coupons relating thereto, redemption of such Certificates shall be made only against the provision of such indemnity and security as the Trustee may require.

Bankers Trust Company, London

Agent Bank

10th April, 1987

INTL. COMPANIES and FINANCE

Japanese brokers seek listings

BY GORDON CRAMB

TWO medium-sized Japanese securities houses are set to gain listings on the Tokyo Stock Exchange in the next two months by floating a minority of their shares, in issues which together could raise upwards of Y65bn ($443.5m).

The plans come at a time when the Tokyo equity market is running close to record levels. Along with thriving international bond business, this is expected to provide strong revenues for the broking sector in the current year, despite competitive pressures.

Kokusai Securities—which, in income terms, falls within Japan's top 10 brokers—is due to be quoted from May 1, subject to final approval from the Ministry of Finance. The smaller Tokyo Securities will follow in early June.

Both began business in 1981 as a result of mergers among smaller institutions, and each of the two has close links with leading names in the Japanese financial community. Kokusai is about 40 per cent owned by the Nomura group while Tokyo Securities is majority controlled by companies in the Nikko stable.

Of these holdings, however, Nomura Securities and Nikko Securities account respectively for less than 5 per cent, in compliance with limits set on cross-ownership among Japanese financial institutions. Toyota Motor is an additional key shareholder in Kokusai with nearly 10 per cent.

Kokusai is to make a public offering of some 15m new shares, representing around 8.3 per cent of its expanded capital, to raise Y44.4bn. Based on net earnings of Y14.1bn in its latest year to September, the historic price/earnings ratio on the company's enlarged equity is 38, compared with about 60 for Nomura but broadly in line with the sector as a whole.

News of the issues gave further impetus to broking sector shares in a mixed overall market yesterday.

Pricing of the Tokyo Securities offering has not yet been settled. The company is to float 9m new shares, or some 9.1 per cent of its increased capital, in an issue which will also contain 2m shares sold from existing holdings.

Its latest year brought net earnings of Y5.59bn or Y62.54 a share and, assuming a similar p/e, the company could raise Y23bn or more.

The launches come in the wake of two public issues by securities houses last year, and leave about 10 fully licensed stock brokers still unquoted. If Japanese markets retain their strength, analysts expect more flotations within the sector.

San Miguel share sale blocked

BY RICHARD GOURLAY IN MANILA

THE SALE of a 32 per cent stake in San Miguel Corporation that will decide control of the Philippines' largest manufacturing company has been blocked in a flurry of court cases.

The Securities and Exchange Commission this week issued a restraining order preventing San Miguel from implementing an April 2 board decision, which approved a plan for the buy-back of the 38m shares. They are currently sequestered b ythe government.

At the same time, a Manila court ordered the United Coconut Planters Bank (Cocobank), which controls the sequestered shares, not to sell them. Cocobank is the trustee for 1.4m coconut farmers through an investment fund.

The case was brought by lawyers for Mr Eduardo Cojuangco, who was Cocobank chairman until he fled with deposed President Ferdinand Marcos in February last year. He claimed he has an interest in the investment fund and that Cocobank would be exceeding its fiduciary duties as trustee if it sold the shares.

San Miguel's plan proposed that Bond Corporation of Australia would acquire all the 14m B shares—which foreign companies and individuals can buy—from the 38m share block. The SEC's restraining order runs for 19 days and will allow time for a public hearing on April 13 to 14.

The government, through the Presidential Commission on Good Government which is hunting the hidden wealth of Mr Marcos and his associates, controls a further 18m shares San Miguel shares belonging to Mr Cojuangco.

Bridgestone better than expected

By Yoko Shibata in Tokyo

BRIDGESTONE, Japan's largest manufacturer of tyres, and its 113 consolidated subsidiaries reported better than expected earnings last year, with net profits little changed at Y21.01bn ($143.4m) compared with Y21.08bn.

Although consolidated turnover fell 8 per cent to Y864.28bn, the company said the deterioration in export profitability was not as bad as its initial projection.

Bridgestone benefited from the reduction in imported material costs, caused by the yen's appreciation, and from its own rationalisation efforts.

However, profitability in its tyre division declined under heavy pressure from domestic car manufacturers to reduce sales prices. This was in part offset by good demand for retreads.

For the current year, Bridgestone expects group profits to reach Y22bn, up 5 per cent, on turnover of Y800bn, a 1 per cent rise.

Bridgestone USA, a recently established offshoot, contributed for the first time after eradicating start-up losses, the company said. It has a North American bus and truck tyre plant, purchased from Firestone, and is contemplating car tyre production in the US.

Warm winter hits Kashiyama

By Our Tokyo Staff

KASHIYAMA, a leading Japanese manufacturer of men's suits, increased its pre-tax profits by 1.2 per cent to Y12.48bn ($85.2m) in the year to February. Sales were affected by an unusually warm winter and domestic economic difficulties caused by the strong yen.

Turnover of Y172.2bn was down 2.1 per cent as sales of the company's mainstay menswear climbed by a marginal 1 per cent while sales of womens' wear fell by 2.8 per cent.

The annual dividend will be unchanged at Y16.5 per share.

Fall into operating loss at Malaysian Resources

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN Resources Corporation (MRC) a major property group, slipped into an operating loss of 48.6m ringgit (US$19.5m) for last year compared with a profit of 5m ringgit for 1985. Turnover was more than halved from 73m ringgit to 30m ringgit.

MRC said the deficit was attributable to the depressed Malaysian property market. Other related factors include substantial price reductions for its properties, undertaken to remain competitive, as well as provisions for the diminution in the values of its properties, and a write-back on profits recognised in prior years on properties that were forfeited or not taken up by purchasers.

The group said it had embarked on a programme to dispose of non-core businesses and low-yielding assets, and was currently negotiating with a bank to buy its 20-storey headquarters building in Kuala Lumpur.

At the end of 1985 MRC had total borrowings of 171m ringgit compared with a paid-up capital of 128m ringgit.

Zim more than doubles earnings to $38m

BY ANDREW WHITLEY IN HAIFA

ZIM, the Israeli national shipping line, yesterday reported an after-tax profit for 1986 of US$38m, more than double the previous year's result even after making $110m in debt interest and capital payments.

In 1984, Zim reported a loss of $45m and was struggling with the burden of servicing its bank debt, then put at $530m.

On the strength of the better than expected figures, the Israeli company has announced a fleet renewal programme, estimated to cost about $200m over the next two years.

Mr Matti Morgenstern, the managing director appointed at the end of 1984 to rescue the shipping line, noted that Zim had improved its profits in a year when its major competitors were all reporting continuing losses.

He attributed the good performance to better use of existing tonnage, lower cargo handling costs, and further cost-cutting efforts. Over the past two years Zim has shed 700 employees, mostly onshore.

Total cargo carried during 1986 increased by 15 per cent to 7.5m tonnes. Containers transported rose from 384,000 in 1985 to 394,000.

The company said yesterday it had had an "excellent" 1987 first quarter, better than had been budgeted for, and forecast that its full-year figures would be as good or better than those just announced.

Turnover for 1986, at $706m, was virtually unchanged. Operating profit was $111.3m compared with $106m.

Negotiations have begun with foreign shipyards on the purchase of seven large container vessels, in order to address Zim's most pressing problem, its ageing container fleet. Each of the new vessels will have a carrying capacity of between 2,500 and 3,000 standard containers, according to Mr Morgenstern. However, the decision on whether to purchase new or secondhand ships is not likely to be taken before July, when the issue is put to the company's board.

Zim is 60 per cent owned by the Israel Corporation, headed by Mr Shaul Eisenberg. The remainder is held by the government and the Histadrut labour federation.

An abortive takeover attempt for Zim was made last year by Mr Menachen Atzmon, a former senior Israel Corporation executive, in partnership with a foreign shipping magnate.

Fed advice role for Barclays man

BY WILLIAM HALL IN NEW YORK

SIR MARTIN JACOMB, deputy chairman of Barclays Bank, and Mr Dennis Weatherstone, president of J. P. Morgan, have been appointed to the three-man steering committee of the Federal Reserve Bank of New York's new International Capital Markets Advisory Committee.

The informal committee, which is headed by Mr Gerald Corrigan, president of the New York Fed, has been set up to help advise the agency on the rapid changes under way in the world's financial markets.

Its establishment also reflects the mounting concern in some quarters of the US financial community at the speed with which Japanese institutions are penetrating the US capital markets.

The new committee's membership includes senior executives from Nomura Securities, Dai-Ichi Kangyo Bank, Deutsche Bank and Union Bank of Switzerland as well as leading US commercial and investment bankers. It will consult with the New York Fed "on matters relating to the evolution of international capital markets, including questions bearing on regulatory, market and competitive practices, payment and clearing systems and operations."

Mr Corrigan disclosed the formation of the committee in a letter to Mr Charles Schumer, a New York Congressman who has criticised the Federal Reserve for allowing Japanese firms to increase their involvement in the US financial markets at a time when many foreign financial firms are finding it hard to make inroads into the Tokyo markets.

Mr Schumer has criticised, for example, the Fed's approval of Sumitomo Bank's acquisition of a stake in Goldman Sachs and its decision to add a number of Japanese-owned firms to its list of primary dealers in US government securities.

When it announced the formation of the new committee the New York Fed said that similar initiatives in other leading financial centres would also be regarded as "a constructive development."

Mr Corrigan noted in his letter to Mr Schumer that "while achieving more open access to foreign financial markets is important . . . we must not lose sight of longer run issues raised by the globalisation of our financial markets. Indeed, these are the types of considerations that lead us to establish an informal International Capital Markets Advisory Committee."

The first meeting will be held on May 5 at the New York Fed. The third member of the steering group is Mr John Heimann, vice chairman of Merrill Lynch Capital Markets and a former Comptroller of the Currency.

The European members of the full committee include Mr Werner Blessing of Deutsche Bank, Mr Mathis Cabiallavetta of Union Bank of Switzerland, and Mr Elie Saouaf of Banque Paribas.

The Japanese members are Mr Mesaaki Kurokowa of Nomura Securities International, Mr Yuko Oana of Dai-Ichi Kangyo.

Mr Thomas Strauss, of Salomon Brothers, Mr Francis Jenkins of First Boston and Mr Richard Debs of Morgan Stanley International, represent the US investment banking community while Mr Thomas Theobald of Citicorp, Mr Thomas Johnson of Chemical Bank, Mr Robert Smith of Security Pacific and Mr William McDonaugh of First Chicago have been drawn from the commercial banking community.

In addition, Mr Maurice Greenberg, president of American International Group, a big insurance company, and Mr Geoffrey Styles, vice chairman of Royal Bank of Canada, are also on the committee.

Honeywell-Bull arranges $400m financing

BY STEPHEN FIDLER

HONEYWELL-BULL, the joint venture between Honeywell of the US, Bull of France and NEC of Japan, has raised $400m through a financing arranged by Banque Nationale de Paris.

The funds will provide $350m of the financing towards the $527m purchase of Bull's and NEC's stakes in the joint venture from Honeywell and a further $50m of working capital. Bull has taken 42.5 per cent and NEC 15 per cent of the venture.

The facility, fully underwritten by BNP, Morgan Guaranty and Industrial Bank of Japan, combines the option of a revolving credit providing direct advances; a tender panel for advances and Euronotes; a US commercial paper programme backed by a letter of credit; and a swing-line. It is a five-year facility, extendable up to eight years.

There are two types of drawing, depending on whether they are secured by accounts receivable.

If secured, drawings will be at a maximum margin of ⅜ point over London interbank offered rates, at US prime or at ¼ point over the adjusted US certificate of deposit rate.

If unsecured, the margins are higher. For example, the spread over Libor rises to ⅝ point for the first three years, ¾ point for the next three and ⅞ point for year seven. At least $200m of secured drawings will have to be outstanding before the borrower can begin to draw on the unsecured portion.

The facility fee is ⅛ per cent, and banks are being invited for front-end fees ranging from 15 to 25 basis points. There is a utilisation fee of 25 basis points on the final $50m of the unsecured portion.

● Samuel Montagu is near to completion of a £50m transferable loan facility for Abbey Life Home Loans of the UK, which carries a maximum margin of 25 basis points and a facility fee of 12.5 basis points. The facility has been oversubscribed.

India's tax-free state bonds upset companies

INDIA'S PRIVATE businessmen say they have been placed on an unequal footing in raising money from the capital market because government-owned companies are wooing investors by issuing more attractive tax-free bonds, Reuter reports from New Delhi.

Stockbrokers and bankers say that, although equity shares or debenture issues floated by private companies provide a higher return and shorter maturity, they are fast losing their popular appeal because they are liable to both wealth and income taxes.

Brokers say that many investors are transferring funds into bonds issued by state-owned companies because they enjoy tax-free status and easy transferability.

About 100 private companies have postponed plans to issue equity shares and debentures in the first quarter of fiscal 1987-88, one merchant banker said.

The included equity shares and rights issue worth Rs 1bn ($77m) planned to be issued this month by Tata Fertilisers.

"The government bonds are making serious inroads on the private sector companies' resources," said Mr R. P. Goenka, president of the Federation of Indian Chambers of Commerce and Industry.

"The discriminatory tax treatment should be done away with and equal facilities be provided to the two sectors to mobilise resources from the market which is common to both," Mr Goenka said.

Senior Finance Ministry officials say state and private companies are free to compete to raise resources, adding it was not correct that public sector-issued bonds were preventing private companies from raising money on the stock market.

Debentures and equity shares floated by private companies still account for at least 60 per cent of total capital raised in stock exchanges, the ministry said.

Australia clears way for offshore banking

THE AUSTRALIAN government yesterday announced tax changes and regulations aimed at developing an offshore banking sector, AP-DJ reports from Canberra.

The Treasury said the regulations are similar to those that guide the recently opened offshore banking market in Japan, and have some similarities to US regulations for offshore banking.

Australia has not, however, granted corporate tax concessions such as those provided in Singapore, its nearest offshore banking centre.

Mr Paul Keating, the federal Treasurer, said the business will be operated through offshore banking units (OBUs) set up as separate accounting entities.

Interest paid to non-residents of Australia by OBUs will be exempted from interest withholding tax if the funds are lent to non-residents.

This exemption will be confined to banks and financial institutions such as merchant banks that are authorised to deal in foreign exchange.

The Government will not insist on separate prudential arrangements for OBUs.

Transactions between non-residents in Australian dollars that go through an OBU and transactions between such a unit and its offices in other countries will also be exempted from interest withholding tax.

OBUs will not be able to buy securities issued by Australian companies or their associates in markets overseas. The restriction on OBUs lending to residents also applies to non-residents carrying on business in Australia through a branch.

Mercantile House unit buys US rival

By Our Euromarkets Staff

FUNDAMENTAL BROKERS, a subsidiary ofthe fixed interest division of Mercantile House, the UK financial services group, has agreed to take over a rival firm, MKI Government Brokers, in a move expected to boost its share as an inter-dealer broker in the New York market in US Treasury securities.

Fundamental is thought to to be the largest of the seven inter-dealer brokers in the New York market, daily turnover of which exceeds $100bn.

MKI Government Brokers, also part of a UK group, International City Holdings, is one of the smaller brokers.

The rationale behind the takeover, which awaits official consent, is a new service which Fundamental plans to deliver to the roughly 40 primary dealers in the US Treasury market.

Fundamental will use MKI's screens to deliver information about large transactions, of at least $25m, which are increasingly a feature of the market. Many of these large deals are driven by arbitrage opportunities which must be executed rapidly to be successful.

Dealing rooms are already overwhelmed with screens and dealers would be unlikely to welcome yet another piece of equipment on their desks.

Financing details have not been disclosed, although the total payment involved is understood to be between $3m to $4m.

Salomon lifts status of London affiliate

By David Lascelles

SALOMON BROTHERS, the US securities firm, yesterday formalised the status of its London-based affiliate, Salomon Brothers International, with the appointment of three top executives and a board of directors. Previously, the affiliate had operated only for legal and accounting purposes.

Mr Charles McVeigh, who has run Salomon Brothers' London office since 1975, was appointed chairman, and Mr Miles Slater, who is in charge of international fixed income commitment-taking and capital markets services, becomes president and chief executive officer. Mr Bruce Koepfgen, becomes UK and European sales manager in addition to general manager of the London office.

The new board members are Mr Peter Clarke, Mr George Hutchinson, Mr Koepfgen, Mr McVeigh, Mr Sheldon Prentice, Mr Slater and Mr Daniel Tyree.

Mr Tom Strauss, president of Salomon Brothers, said the appointments reflected the strong growth of Salomons' business in the UK and Europe. They formalised positions that had evolved over a period of time, he said.

Salomon's London office acts as the regional centre for the firm's European operations

Weak dollar depresses long fixed-rate issues

BY CLARE PEARSON

JAPAN DEVELOPMENT Bank launched a $150m bond yesterday despite very difficult conditions in the Eurodollar market. Prices of longer-dated fixed rate bonds closed about ⅝ percentage point lower, taking their cue from the US Treasury bond market as the dollar touched a new post-war low against the yen.

In spite of these setbacks, Japan Development Bank's seven-year 8 per cent bond met a fair response from investors.

Bank of Tokyo, the lead manager, said that the borrower had decided to fix its terms relatively generously—breaking the tradition among Japanese Government agencies of issuing aggressively priced deals—in view of the nervous state of the market.

The deal, priced at 101⅛, provided an initial spread of 60 basis points over US Treasury bonds. It was quoted within 1⅞ per cent fees at less 1¾ bid.

Elsewhere, the Australian dolar market—an increasingly popular haven for new issue managers despairing of being able to tap the Eurodollar sector—saw thre new deals, all of which traded within their fees. Meanwhile, Hambros Bank increased its recent deal for Toronto Dominion Bank by A$10m to A$50m.

Banque Paribas Capital Markets led an A$50m 14½ per cent bond for Berliner Bank, maturing in November 1990. CIBC led an A$125m zero-coupon five-year bond for CIBC Australia, priced at 5[illegible].

Credit Suisse First Boston announced an A$40m three-year 14½ bond for Standard Elektrik Lorenz, the German telecommunications company 86 per cent owned by Alcatel, the subsidiary of CGE of France. Like Berliner Bank's deal, this was priced at 101½.

Prices in the Eurosterling market fell in sympathy with the Eurodollar sector yesterday, but nevertheless Morgan Stanley launched a £70m bond for Gillette Canada, guaranteed by the parent. The bond, which matures in October 1993, carries a 9⅝ per cent coupon and 101½ issue price. It appeared too late in the day to trade actively.

British Airways' £100m 9½ per cent issue, launched late on Wednesday, was quoted within its fees although dealers said its terms were tight. Union Bank of Switzerland (Securities) the lead-manager, said it was attracting European but not Far Eastern buyers, since the bond was unrated.

Two five-year equity warrants bonds for Japanese borrowers appeared. Sekisui Chemical's $200m deal, led by Yamaichi International (Europe) carried an indicated 2 per cent coupon while Sankei Building Company's $60m deal, led by Nomura International, has an indicated 2½ per cent coupon. Both were priced at par.

Nomura International led a Y40bn seven-year 4⅝ per cent bond for European Investment Bank, priced at 101½. It has a purchase which can retire up to 5 per cent of the issue annually in years one and two of its life, as long as bonds are available at prices below par.

Two small convertibles appeared in the Eurodollar market. These were a $25m bond for Xyvision, a US producer of computer integrated publishing systems, led by Credit Suisse First Boston, and a $30m bond for IRT Property, led Chandler Partnership. The borrower is a Georgia-based real estate investment trust.

Saitama Bank's $100m 15-year convertible bond, which was led by Saitama Bank (Europe) was quoted at 197 bid, against a part issue price. It has an indicated 2 per cent coupon and the conversion premium is expected to be set at 5 per cent.

In the D-Mark market, prices were steady in quiet trading.

In Switzerland, dealers said that issue for popular names, with shorter maturities, were in demand and prices ended the day a touch higher in average volume. Today a SFr 60m deal for Nitto Boseki will trade for the first time.

Credit Suisse led a SFr 100m issue with gold warrants for Belgium. Each seven-year SFr 50,000 note comes with warrants to buy 750 grammes of gold. The 3½ per cent issue was priced at par and traded at about 100⅜.

Swiss Bank Corporation announced a SFr 30m five-year 4¾ per cent bond for Tabuchi Electric. The 4¾ per cent bond was priced at par. It is callable after October 1989 at 101½, and then at declining premiums.

Malaysia's recent 10-year 5⅜ per cent bond was increased by SFr 25m yesterday to SFr 125m.

INTERNATIONAL BONDS

Dow Jones off to a good start

BY OUR FINANCIAL STAFF

DOW JONES, the US information services and publishing group, has made a good start to its current fiscal year, lifting first-quarter net earnings 23 per cent to $37.36m or 39 cents, up from $30.42m or 31 cents previously. Sales reached $286m, against $260m.

The latest figures are before a net gain of $29.36m, or 30 cents a share, from the sale of an 18.9 per cent interest in South China Morning Post. The results for a year ago excluded a gain of $31.36m, or 32 cents, from the sale of 2m common shares of Continental Cablevision.

As part of the Post deal, Dow Jones purchased for $25.1m the newspaper's remaining 51 per cent interest in the Far Eastern Economic Review, a weekly published in Hong Kong.

Group operating income in the latest quarter rose 8.8 per cent to $59.1m. The share of affiliates' earnings more than doubled during the year.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on April 9

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	97½	98	[illegible]	[illegible]	8.87
A/S Eksportfinans 7⅝ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	8.01
A/S Eksportfinans 7¼ 92	150	97½	98	[illegible]	[illegible]	7.82
Austria 7¼ 97	200	[illegible]	[illegible]	[illegible]	[illegible]	8.12
BP Capital 9½ 94	100	104½	105	[illegible]	[illegible]	8.20
British Telecom 7⅝ 96	250	95	[illegible]	[illegible]	[illegible]	8.38
Campbell Soup 10½ 95	100	[illegible]	[illegible]	[illegible]	[illegible]	8.53
Canada 9 96	1000	[illegible]	[illegible]	[illegible]	[illegible]	8.08
Canadian Pac. 10⅜ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	8.97
CCCE 7⅛ 91	113	[illegible]	[illegible]	[illegible]	[illegible]	7.54
CNCA 7⅜ 91	150	[illegible]	[illegible]	[illegible]	[illegible]	7.63
Citicorp 8⅛ 93	200	[illegible]	[illegible]	[illegible]	[illegible]	8.65
Credit Lyonnais 9 91	200	[illegible]	[illegible]	[illegible]	[illegible]	7.65
Credit National 9⅛ 93	150	[illegible]	[illegible]	[illegible]	[illegible]	7.94
Credit National 7⅛ 91	150	[illegible]	[illegible]	0	[illegible]	7.55
Denmark Kingdom 7⅛ 92	500	[illegible]	[illegible]	[illegible]	[illegible]	8.04
Denmark Kingdom 8¾ 91	300	[illegible]	[illegible]	[illegible]	[illegible]	7.84

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Chugoku Electric 5 93	15	[illegible]	[illegible]	[illegible]	[illegible]	4.70
Denmark, Kingdom 5⅛ 92	150	[illegible]	102	[illegible]	[illegible]	4.67
EEC 4⅝ 93	250	[illegible]	101	[illegible]	[illegible]	4.60
Elec. de France 5⅛ 94	20	[illegible]	[illegible]	[illegible]	[illegible]	4.43
Eurofima 5½ 93	20	[illegible]	104	[illegible]	[illegible]	4.76
Sweden, Kingdom 5⅛ 94	50	[illegible]	[illegible]	0	0	5.11
Sweden, Kingdom 5⅝ 95	20	[illegible]	[illegible]	[illegible]	[illegible]	4.80

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
A/B Electrolux 14½ 90 A$	50	[illegible]	[illegible]	[illegible]	0	14.22
14.22n Bank 15 90 A$	50	[illegible]	[illegible]	0	[illegible]	14.50
BHF Bank 14⅞ 92 A$	40	[illegible]	[illegible]	[illegible]	[illegible]	13.69
BHP Fin. 14⅛ 92 A$	75	[illegible]	[illegible]	[illegible]	[illegible]	14.13
Deutsche Bk. 14⅛ 92 A$	100	103	104	[illegible]	[illegible]	13.22
Eurofima 14⅛ 90 A$	62	[illegible]	[illegible]	[illegible]	[illegible]	14.22

UK COMPANY NEWS

INDUSTRIAL INTERESTS COMPENSATE ENERGY DECLINE

RTZ only 5% down at £245m

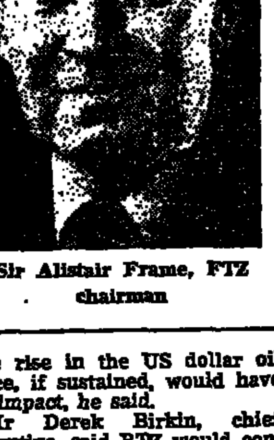
BY STEFAN WAGSTYL, MINING CORRESPONDENT

Rio Tinto-Zinc, the mining, energy and industrial group, yesterday exceeded the City's expectations with net profits for 1986 of £245m, which were just 5 per cent lower than a restated £257m for the previous year.

Sir Alistair Frame, chairman, said this was a creditable result taking into account the sharp fall in energy prices and the continuing weakness in the prices of most metals.

A 40 per cent increase in net profits from the group's fast-growing industrial interests to £202m (£144m) made up for much of the ground lost by a 45 per cent decline to £51m (£93m) net from the group's energy investments—chiefly North Sea oil and gas, coal and uranium mining. Net profits from metals, which includes contributions from copper, gold, iron ore, aluminium, lead and zinc, rose marginally to £83m

Sir Alistair said that 1987 results should benefit from the forecast rise in industrial production in the US and Europe. Consumption of some base metals and their US dollar prices were showing signs of modest improvement but iron ore markets had weakened.



Sir Alistair Frame, RTZ chairman

RESULTS BREAKDOWN

	1986 £m	1985 £m
RTZ Borax*	85.1	71.8
RTZ Pillar*	63.7	45.4
RTZ Cement*	18.9	15.5
RTZ Metals*	3.8	5.8
RTZ Oil & Gas*	1.9	14.7
CRA (49% owned)	59.5	68.4
Rossing Uranium (46.5% owned)	25.1	26.5
Rio Algom (52.8% owned)	20.7	19.1
Palabora Mining (38.9% owned)	8.9	10.2
Rio Tinto Zimbabwe (56.1% owned)	3.0	1.9
LASMO Enterprise (25.8%/29.8% owned)	4.0	16.3
Other operation less miscellaneous costs	(17.5)	(9.1)
Taxes on dividends	(31.3)	(29.1)
Total	244.8	257.4

* Wholly-owned subsidiaries.

The rise in the US dollar oil price, if sustained, would have an impact, he said.

Mr Derek Birkin, chief executive, said RTZ would continue to make acquisitions in businesses which it understood. He confirmed RTZ Borax was negotiating to buy Foote Mineral, a subsidiary of Newmont Mining of the US. RTZ is interested in the lithium and ferro-silicon operations of Foote, which is being split up and sold off by Newmont after it lost US$40m in the last two years.

RTZ Group earnings per share were down to 78.91p from 83.05p, but the dividend is to be increased to 23.5p (22p).

The 1985 results were restated to account for the fact that RTZ's stake in CRA, the Australian associate, fell during the year to 49 per cent, allowing RTZ to equity-account for its interests for the first time.

Group pre-tax profit was £602m (£614m) and tax took £275m (£277m). Outside shareholders accounted for £82m (£80), leaving net profits of £245m (£257m).

The group charged £22m (£27m) to extraordinary items, after writing off its investments in Rio Tinto Minera, which runs the Spanish copper mines where RTZ originated, and in East Kemptville tin mine in Nova Scotia. These losses were partly offset by a gain on the sale of CRA shares.

Sustained capital spending, both on internal investment and acquisition, totalled £493m and pushed net debt to £710m increasing the ratio of net debt to total equity from 28 per cent to 36 per cent.

See Lex

Wimpey has good year with 42% increase

George Wimpey, the construction and housebuilding group, pushed up its pre-tax profit by 42 per cent, from £46.9m to £66.5m, in 1986. Turnover fell from £1.58bn to £1.46bn.

The group had a good year in North America. In Canada, restructuring and other action taken, linked with an upturn in the Ontario economy, produced markedly improved results, reported Mr Clifford Chetwood, the chairman.

Housing markets in Ontario and California were buoyant, but the fall in the oil price affected the markets in Alberta and Texas.

Elsewhere, the group performed well, he said. Wimpey Homes legally completed the sale of 10,712 houses. After a levelling off in sales in the second half of last year the company was back on a growth pattern and with improved margins.

A "disciplined approach" was maintained in contracting where margins were low but cash generation good. Reorganisation of the apshalt, quarry and waste businesses led to significant improvement in profitability.

Trading profit fro construction related activies increased from £48.4m to £72.3m, after a cut from £11.6m to £3m in exceptional charges. Property development and investment contribution fell to £13.6m (£20.5m) but associated companies produced a profit of £1.4m, against losses of £2.4m.

Mr Chetwood said the financial position of the group improved further. Cash flow was sufficient to fund operation and gearing and off-balance sheet commitments were reduced.

At the year-end net borrowings were £195m (£193.5m) representing 38 (42) per ecent of shareholedrs' funds.

Reshaping of the UK business into clearly defined and activity related divisions had been achieved, andt he programme forthe whole group would be completed within the current year.

In 1987 the continued benefits of restructuring and signs of increased business activity provided some encouragement for the outturn.

Earnings for 1986 improved to 18.35p (14.95p) and the final dividend is 3.75p for a net total of 4.75p (3.75p).

This year there were extraordinary charges of £3.4m. compared with credits of £4.3m. The sale of Wimpey Merchants, builders' merchants, realised a surplus of £8.3m; against that was a £5.7m provision against certain residual contractual guarantees following the withdrawal from a property joint venture with the Rust Corporation in Texas, and £4.1m closure and reorganisation costs.

See Lex

BERRY BIRCH & NOBLE (financial services and insurance broking)—Final dividend 2.8p net as forecast in USM placing. Turnover for year ended January 31 1987 was £4.1m (£3.38m) and pre-tax profit £909,000 (£657,000), thereby exceeding forecast. Attributable profit £420,000 (£385,000) and earnings 9.3p (6.4p).

Burmah earnings lifted by strong Castrol advance

The Burmah Oil company yesterday reported net income ahead by £4m to £56m after a higher than expected tax charge had badly dented a one third rise in pre-tax profits.

Mr John Maltby, Burmah's chairman, said that over the last year, its centenary, the group had posted record trading profits, made an £88m rights issue and a series of disposals and acquisitions. It no longer has any direct oil and gas exploration activities — having injected these into Premier Consolidated Oil in exchange for a 25 per cent equity stake.

The strongest of Burmah's three trading areas was Castrol, the lubricants and fuels activities. Here profits before interest were ahead 40 per cent to £93.1m — with the 1986 result exceeding City analysts' forecasts for this year.

Overseas Castrol had built up its market penetration in both the US and Japan. Its motor oil products, which have a quarter of the UK market, have now gained a 9 per cent share of the open-market in the US and a 3 per cent share of the untied part of that in Japan (on which £2m pre-tax profits were made).

The second key division is speciality chemicals which made a 50 per cent higher trading profit contribution of £11.7m (£7.8m) in 1986. In the third area, liquid natural gas and energy investments, Burmah reported trading profits of £18.5m (£21m).

Plans to sell the group's 50 per cent share in Pakistan Petroleum to Shell have had to be abandoned after the Pakistan Government declined to agree to the change of ownership. This company contributed almost all the £6.5m from energy investments in these results.

After central management costs of £7.8m (£7.3m), continuing businesses contributed a pre-interest £115.5m (£88.1m). From discontinued activities came £2.7m (£13.6m)—giving a trading profit total of £118.2m (£101.7m). Interest charges were £12.3m (£22.1m), leaving pre-tax profits at £105.9m (£79.6m).

Taxation is proving a troublesome area for Burmah. Several of its key overseas markets levy high rates of corporation tax while in the UK the lack of available profit cover for ACT has led to the writing-off of £7.6m. This pushed the overall tax charge up to £49.9m or a rate of 47 per cent compared with 35 per cent in 1985.

Net income after minorities and before extraordinary charges of £20.4m (£28.2m) was £55.2m (£51.3m) and earnings per share on a weighted capital were 33.54p (34.3p).

A final dividend of 9.5p is being recommended, making 14p (12.75p) for the year. Shareholders are being offered the alternative of shares instead of cash for their dividends.

● comment

Castrol has surprised even Burmah's avid fants. However, this division's strength points up the imbalance in the group more strongly than ever and as the growth is coming primarily overseas, there is insufficient tax-cover and another weeping finance director has had to hand over millions to the taxman. All this points to the need for a moderately sizable US acquisition. With no debt to speak of Burmah has very deep pockets, perhaps as much as £500m is available should it wish to go for something really big. However, shareholders might revolt if having got oil and gas off the balance sheet, Burmah was to pay double last year's going rate to get it back on; the year after the group's centennial is not the one to go for Century; and Calor has lost favour since it gained pounds. By giving the divisions their head, Burmah is indicating that 1987 will see a lot more piecemeal growth. If there is anything big, UK Coatings and Adhesives could be the target area. This year a net income of £60m is likely which puts Burmah, at 457p, on a p/e of 13.

De La Rue makes £6.8m acquisition

De La Rue is buying Fortronic Technology Holdings for some £6.8m cash, including a small deferred element.

The offer is up to 70p per ordinary share, and shareholders representisg 38.4 per cent of the capital have irrevocably undertaken to accept.

Fortronic is a private company, based at Dumfermline, and its principal activities are the development, design, manufacture and supply of electronic banking and payment systems.

In the year ended March 31 1986 Fortronic incurred a loss of £100,000 on turnover of £10m, which was exacerbated by extraordinary charges of £600,000 relating to the closure of certain business.

It continued to trade at a loss in the first half of 1986-87 when further reorgonisation took place; in the second half it has traded at break-even.

Shareholders' funds at end February were £2.3m.

Near £2m profit rise at Addison

STRONG ORGANIC growth and a series of strategic acquisitions were reflected in the 1986 results of Addison Consultancy Group. Turnover advanced from £57.64m to £85.41m and pre-tax profit from £4.43m to £6.34m.

A year ago Addison merged with Chetwynd Streets, and the 1985 comparisons have been restated on merger accounting principles. In June Taylor Nelson Group was purchased and in October Aidcom International acquired.

Mr Julian Broad, chairman, said six divisions had been formed. The group was among the UK market leaders and had begun international expansion —offices were operating in US, France, Belgium, Singapore and Australia.

Taylor Nelson contributed significantly to the momentum of business, while there were excellent opportunities ahead for Aidcom following rationalisation of a number of businesses. That, with the application of the group's own nesses. That, with the application of the group's own accounting policies, led to a £6.7m adjustment in reserves.

Historically profits have been stronger in the second half and, with the acquisitions made, Mr Broad thought they were likely to become more so. "We view the future with confidence and expect a satisfactory outcome for the current year," he concluded.

Earnings for 1986 came to 8.96p (6.42p) per share after tax £2.3m (£1.96m) and minorities £15,000 (£5,000). The final dividend is 1.7p for a net total of 2.5p (2.1143p).

● comment

These Addison Consultancy results, boosted by £¾m from acquisitions, should be a good answer to all those who thought that the Page/Smith empire had grown too big for their booties. Clearly Addison bought less than it bargained for in AIDCOM, hence the £2m supplementary asset write-down and the fall in the group employment level from a merger accounted 1,600 to 1,500. And the sorting out process looks likely to continue. Over the last two years Addison's shares have not been exciting performers as the company's paper has been over-used. Even though the management was warning yesterday that it might be about to head down the takeover trail again, the hope has to be that next time (on the Continent?) a mixture of cash and shares will place management rather than shareholders (golden-handcuff owners included) on an earn-out. This year £10m is in view which was the shares at 149p on a prospective p/e of 13½.

Glass Glover £11.6m disposal

Glass Glover Group has sold long leasehold interests in its distribution depots at Chepstow, Harlow and Maltby, to a private company, Circledale, for £11.64m cash, partly to reduce dependence on short term borrowings.

The consideration approximates to the book value of the properties which Glass Glever has leased back on full insuring and repairing 25 year leases. The aggregate rental is £1.36m per annum, beginning October 1987, subject to review in 1997 and at five yearly intervals thereafter.

Circledale, which is financed by Manufacturers Hanover Trust, has an option during the first 2 0years whereby it can require Glass Glover to repurchase all three properties together at the price paid, plus expenses.

French Connection fails to recover lost ground

BY ALICE RAWSTHORN

French Connection, the USM-quoted fashion group, yesterday announced a fall in pre-tax profits from £4.88m to £3.52m in the year to January 31, after a recovery in the second half failed to compensate for sluggish trading earlier in the year.

In the first half of the year French Connection's progress was impeded by lacklustre sales of its spring and summer collections in the UK and exceptionally high expenditure on advertising. The group also suffered from the slow recovery of its Best Of All Clothing business in the US.

During the second half sales of the French Connection range in the UK improved markedly. This improvement has, according to Mr Stephen Marks, the chairman, been sustained into the current financial year. The Nicole Farhi designer and men's wear collections also fared well: both sported 50 per cent sales growth.

French connection completed the overhaul of Bukta, the sportswear manufacturer purchased in 1985, during the year. It made a negligible contribution to profit. It is still in the throes of digesting the recently acquired Western Jeans retail chain, which performed well.

Overseas, Best Of All Clothing was nursed back to break even in the first half and mustered a profit of £596,000 in the second. The French and Hong Kong operations continued to fare well increasing their contribution to turnover and pre-tax profits to £9.75m (£6.83m) and £1.55m (£912,747) respectively.

Overall, group turnover rose to £48.75m (£41.41m) and operating profits to £4.27m (£5.41m). Interest payable increased to £746,000 (£531,000) while taxation fell to £1.36m (£2.2m). Earnings per share fell to 12.3p (15.6p), but the total dividend remained unchanged at 3.25p. Mr Marks said that the present year had begun well throughout the group.

● comment

In its short career as a publicly quoted company, French Connection has dealth surprise after surpris to the stock market . . . few of them pleasant. By comparison this set of results seems distinctly dull: the surprises had, after all, been sprung at the interim stage. In many ways the business is in better shape than for a long, long time. The domestic market is more receptive; the benefits of investment in Bukta and Nicol Farhi are about to come to fruition; the French and Hong Kong operations are poised for further growth; and Best Of All Clothing has bounced back into the black. With projected profits of £4.6m fo rthe present year the shares which fell by 2p to 180p yesterday, are on a prospective p/e of 10. Yet the market will want to wait awhile before indulging in a rerating.

Aberdeen Steak results postponed

By Ralph Atkins

Aberdeen Steak Houses has postponed the publication of its results for 1986.

Mr Ali Salih, chairman, said he did not know when the results would be produced but he expected it to be within a week to ten days.

In March two of the group's non-executive directors resigned. They said their decision followed a High Court ruling that Aberdeen underpaid staff. The group's brokers, Fiske and Co., have also resigned.

Mr Salih refused to comment on the resignations. Results for 1985 showed pre-tax profits of £813,000 on a turnover of £8.9m.

Shares in Aberdeen closed up 1p at 66p.

BROWN SHIPLEY Financial Fund showed a capital appreciation of 23.7 per cent over the six months to February 15 1987. The interim distribution amounts to £9.57 per 1,000 units —an increase of 11.5 per cent on the corresponding payment in 1986.

Pearson to restructure loan stocks

Shares in Pearson rose 18p yesterday to close at 631p on the company's announcement that it wanted to restructure its loan stocks and thus increase its borrowing limits and give it greater flexibility in the funding of acquisitions.

Under the proposals its theoretical gross borrowing limit would go up from £585m to £831m, though the company said the proposals would in practice result in a smaller increase in actual borrowing capacity.

The changes would cover the 5½ per cent stock 1988-93, the 6¾ per cent stock 1988-93, the 8 per cent stock 1988-93, the 8¼ per cent stock 1988-93, the 9 per cent stock 1996-2001 and the 13 per cent stock 2007.

The proposed changes are that the limit on total borrowings be increased from a multiple of one and a quarter times adjusted capital and reserves to a multiple of one and three quarter times adjusted capital and reserves; the definition of adjusted capital and reserves for borrowing purposes be amended so as no longer to exclude the net tangible assets attributable to the group's interest in Lazard Brothers & Co; and the limit on priority borrowings set out in the trust deeds governing the relevant loan stocks be amended to 15 per cent of the limit on total borrowings.

As consideration for the revised borrowing limit, the company proposes that the interest payable on each of the relevant loan stocks be raised. The increases range from 0.175 per cent to 0.625 per cent.

F & C Pacific asset growth

Earnings for the year ended January 31 1987 at F & C Pacific Investment Trust fell from 2.61p to 2.25p, but the dividend is lifted from 1.5p to 2p net with a final of 1.4p. In the previous year there was also a 1p special payment.

Net asset value rose by 52 per cent to 314.7p and the directors are proposing a one-for-one scrip issue. Following that, warrant holders will receive additional warrants on the same basis and the subscription price will be halved to 77½p.

After experiencing a strong year in Japan, more emphasis was being placed on California and the smaller markets of East Asia. Just over 50 per cent of the portfolio is in Japan.

Bramall tops £4m and expands in the US

C. D. Bramall, the Bradford-based Ford main dealer, yesterday revealed a $26.3m (£16m) US acquisition along with its results for the 1986 year showing profits up by 27 per cent at the pre-tax level.

The company is proposing to purchase Gelco International and its subsidiaries, Gelco Contract Hire and Gelco Fleet Leasing and Management, together referred to as Gelco UK.

Of the consideration, £10m is to be financed by a medium-term loan from Bramall's bankers and some £1m from existing cash resources and facilities.

It is proposed that the balance should be financed via an issue of 2,137,095 new ordinary shares, which have been placed at 265p by Barclays de Zoete Wedd with certain Bramall family shareholders and with institutional investors, subject to the rights of other shareholders and stockholders to subscribe for sufficient new ordinary shares to maintain their proportionate interest.

The new ordinary shares to be issued will raise some £5.2m net of expenses.

The initial consideration will be some $25.3m in cash on consideration of a maximum $1m payable depending on Gelco International's profits for the year ending July 31.

Bramall's turnover for 1986 improved from £102.62m to £137.32m and pre-tax profits surged by £900,000 to £4.21m.

The main dealerships contributed £2.88m (£1.77m) to profits. Contract hire, leasing and finance chipped in £1.26m (£1.48m) and the industrial side £67,000 (£107,000).

Earnings rose to 27p (18.8p) per share and a final dividend of 4.5p raises the total from an adjusted 3.885p to 5.819p.

The directors said the contract hire and leasing companies made good progress in the second half and were now in a strong position to take advantage of expected market growth.

The new shares being issued represent some 15.9 per cent of Bramall's enlarged capital.

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E
161	118	Ass. Brit. Ind. Ordinary	157xd	—	7.3	4.6	9.6
163	121	Ass. Brit. Ind. CULS	162	—	10.0	6.1	—
40	28	Armitage and Rhodes	36	—	4.2	11.7	5.0
80	64	BBB Design Group (USM)	76	—	1.4	1.8	18.1
222	166	Bardon Hill Group	221	—	4.6	2.1	26.1
126	55	Bray Technologies	126xd	—	4.3	3.4	14.8
138	75	CCL Group Ordinary	134	—	2.9	2.2	9.5
107	88	CCL Group 11pc Conv. Pf.	101	—	15.7	15.5	—
271	116	Carborundum Ordinary	270	—	10.7	4.0	11.7
94	90	Carborundum 7.5pc Pf.	94	—	10.7	11.4	—
126	75	George Blair	94	—	4.7	6.0	7.6
176	119	Isis Group	122	—	18.3	—	—
125	101	Jackson Group	125	—	6.1	4.9	8.5
377	290	James Burrough	368	−1	17.0	4.6	10.3
100	89	James Burrough 9pc Pref.	93	+1	12.9	13.9	—
1036	342	Multihouse NV (AmstSE)	675	—	—	—	35.4
380	260	Record Ridgway Ordinary	363	—	—	—	6.5
100	83	Record Ridgway 10pc Pf.	86	—	14.1	16.4	—
91	67	Robert Jenkins	86	—	—	—	3.7
80	30	Scruttons	80	—	—	—	—
154	67	Torday and Carlisle	154	—	5.7	3.7	9.3
340	321	Travian Holdings	325	—	7.9	2.4	6.8
91	42	Unilock Holdings (SE)	85	+1	2.8	3.3	15.7
135	65	Walter Alexander	135	+1	5.0	3.7	12.9
200	190	W. S. Yeates	193	—	17.4	9.0	19.3
106	67	West Yorks. Ind. Hosp. (USM)	100	−2	5.6	5.6	14.3

UK COMPANY NEWS

Coloroll in £88m agreed offer for Crown House

BY NIKKI TAIT

COLOROLL GROUP, fast-growing wall coverings and home furnishings group, yesterday unveiled an £87.3m recommended bid for Crown House, which has interests in civil engineering to tableware. The bid would double the group's size.

Coloroll had been widely tipped as a buyer of Crown House's tableware division, which reported a half-time loss. Its products include Denby stoneware, Edinburgh and Thomas Webb, Dema glass and George Butler silverware. Last month, Coloroll confirmed a 4.7 per cent stake in Crown House.

Coloroll said that although the engineering interests, which include lightening conductors and electrical control systems, would probably be disposed of in nine to eighteen months time, it saw scope for pushing up performance first and obtaining a better price.

Mr John Ashcroft, Coloroll's chairman and chief executive, added that 10 offers had already been made for all or parts of the engineering business, which at present might fetch £40m to £50m. Companies rumoured to be interested in the past include Matthew Hall, Costain and, prior to its own bid battle, Norcros.

In the year to end-March 1986, Crown House made pre-tax profits of £7.2m on sales of £202.3m, with £2.8m coming from the tableware division and £4.3m from engineering. In the first six months of 1986-7, tableware tumbled to a £941,000 loss, hit partly by the fall in US tourist demand. Engineering, however, doubled its contribution to £1.58m.

In the present year, pre-tax profits for the group are expected to be about £6.5m.

Coloroll said the acquisition would extend its range of home fashion products and that its own marketing and design input would help Crown products. Both companies have substantial North American business and Coloroll had been poised to sign a distribution agreement with Denby Canada.

Coloroll's offering one share for eac hCrown House, with a cash alternative of 300p. Although the bid is recommended there are no irrevocable acceptances. Coloroll said it believed a number of major institutions, including M&G which has a 10.7 per cent stake, were supportive.

Yesterday Colorol shares slipped 11p to 319p while Crown leapt from 235p to 303p.

The deal would create a group with sales of £450m, and involve the issue of 28m new shares or 30 per cent of the enlarged group. Gearing prior to any disposal, would be about 32 per cent and the Crown House contribution to profits would need to be some £8.5 min 1987-88 to prevent any dilution.

Hunter bidding for rest of Dom

BY NIKKI TAIT

HUNTER, the 76 per cent-owned Hillsdown Holdings timber subsidiary is making an offer for the outstanding shares in Dom Holdings, maker of wall-plugs and other fittings for the building indsutry.

Hunter bought a 51.6 per cent stake from Dom's previous chairman, Mr Douglas McIntyre, who resigned last Saturday, at 120p a share. It is offering one share for every five Dom. With Hunter up 5p at 655p, that values each Dom share at 131p, the price at which it came back from supension yesterday. There is a cash alternative at 130p.

A couple of months ago, Dom revealed that it had slumped to a £108,000 loss in six months to end-September, though predicted some improvement in the second half.

Yesterday, Hunter said that it believed that sales and distribution would be greatly improved following the acquisition. Within Hunter, subsidiary companies Mallinson-Denny and May & Hassell have about 180 outlets which could take Dom products.

Some of Hillsdown's furniture companies use Dom products, but this accounts for less than 1 per cent of Dom's £17.6m turnover. The post-acquisition percentage, suggested Hunter, coulld rise to 5 or 6 per cent.

Hunter added that there was no intention of making major disposals following the acquisition. Net assets of the group were put at £5.9m in March 1986, and it comes with about £2.5m debt.

If the paper offer is fully taken up, Hillsdown's stake in Hunter would reduce to about 74 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
AB Ports	4	May 29	3.38*	6	5*
Accord Pubs	‡2.3	June 1	—	2.3	—
Addison Consultancy	†1.7	June 8	1.4	2.5	2.11
Atlantic Computers	†3.5	—	1.75	4.62	2.31*
A. Beckman ......int	1.95	June 1	1.95	—	5.73
Berry Birch	‡2.8	June 1	—	—	—
Betec	1.55	July 2	1.3	2.2	1.8
CD Bramall	4.5	May 24	2.59*	5.82*	3.89*
Burmah Oil	9.5	July 17	8.25	14†	12.75
Connells Est	4.4†	—	3.2	6.4	4.2
Dowding Mills ......int	0.64	May 22	0.58	—	1.58
F & C Pacific	1.4	May 29	1.9¶	2	2.5¶
Folkes Group	1.15	July 2	1.05	1.5	1.4
French Connection	‡3.5	—	3.5	5.25	5.25
Frost Group	2.75	July 7	2.5	5.25	4.5
Hammerson Property	8.5	June 15	7.5	10.5	9.5
Helical Bar	2	—	nil	2	nil
Hewden-Stuart	1.28	July 14	1.13	1.9	1.7
Kalon	0.92	—	—	1.38	0.8
Laidlaw	‡2.8	June 3	1.7	4	2.8
Lee Refrigeration	8.5	May 16	8.5	12.5	12.5
London Finance	1.1	—	1	1.1	1
President Ents	1.5	May 29	1.33	2.25	2
Raine Inds ......int	†0.4	May 29	0.22	—	0.83
Reabrook	3.35	—	1.7	4.25	2.5
RTZ	16.5	—	15	23.5	22
Ruberoid	8.1	May 15	6.4	10.5	8.6
Simon Engineer	8.8	July 1	6	11.5	8.5
Spirax-Sarco	4.2	May 14	3.8	5.7	5.3
Wayne Kerr	‡1.1	—	1	1.7	1.5
George Wimpey	3.75	July 1	2.9	4.75	3.75

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisittion issues. ‡ USM stock. § Unquoted stock. ¶ Included special 1p.

Hambro Countrywide

Hambro Countrywide, has acquired the capital of Vaughn Mitchell in a profit-linked deal.

Maximum consideration is £1m payable by instalments. An initial payment of £501,000 has been made, of which £301,000 has been paid in cash and the balance through the issue of 51,948 shares in Hambro at £3.85 per share. The balance of the consideration will be settled with the issue of a convertible loan stock, convertible into Hambro shares according to profit performance over the next two years.

If profits for the two years ending March 31 1989 are £250,000, then the loan stock will be convertible into 121,450 Hambro shares, representing the sum of £500,000 at a rate of £4.11 per share. For every £1 pre-tax profits fall short of that amount, then such sum will be reduced by £5 and the number of shares into which the loan stock is convertible will be reduced accordingly. No further consideration will be payable if profits of at least £56,250, £75,000 and £18,750 in the periods ending December 31 1987, December 31 1988 and March 31 1989, respectively.

Lex pays £33m for Sears motor offshoot

BY RALPH ATKINS

Lex Service, the vehicle and electronic components distributor, has bought the retail motor distribution arm of Sears in a deal worth £33.4m.

The acquisition makes Lex the largest car and truck retailer in the UK.

Sears Motor Group's main trading names are Shaw & Kilburn, SMT and Gilbert Rice. At the time of acquisition it had external borrowings amounting to £50m.

The acquisitions will complement Lex's existing retail operation which includes Lex Brooklands, Lex Mead, Lex Tillotson and Sellers & Batty.

Lex currently sells Volvo, Rover, Jaguar and Rolls-Royce cars and Leyland and ERF trucks. Sears will add the Vauxhall, Opel, Bedford, Volkswagen, Audi and Ford names to its dealerships.

Sears Motor Group also includes a car and commercial vehicle contract hire fleet of some 3,000 vehicles. This has been sold for £14.3m to Lex Vehicle Leasing which is owned equally by Lex and Lombard North Central.

Lex is paying £33.4m for the entire issued share capital of the motor group and a £11.9m loan note payable by the Sears Motor Group. It will be financed through £1.4m cash and the issue of 8m new Lex shares.

The new shares are being placed by Lex's brokers, Phillips & Drew, at 400p. Shares in Lex closed down 14p at 404p.

Mr Geoffrey Maitland Smith, chairman and chief executive of Sears, said the sale had released £85m for Sears, of which £25m was profit after the book value of the motor group has been deducted.

He said the division had been sold because it did not fit in with Sears' retailing and betting interests. "Whilst it has produced a satisfactory return for Sears we don't regard it as a core holding in our development," he said.

Unaudited management accounts for 1986 show Sears Motor Group contributing a pre-tax profit of £9.3m after interest on the £50m borrowing. The turnover was £242m. Audited figures for 1985 show a pre-tax profit of £6.8m on a turnover of £228.1m.

In 1986 Lex's automotive distribution division reported a pre-tax profit of £38.2m on a turnover of £690m. But the electronics components division incurred a loss of £4.5m on a turnover of £400.9m.

Mr Trevor Chinn, chairman and chief executive, said at Lex's annual general meeting yesterday, that the acquisition would not inhibit the development of the group's other activities.

"We are committed to the continuing development of both our automotive business and the distribtuion of electronic components and computer products," he said.

The qnlarged Lex Automotive Group will consist of 64 dealerships in the UK. It will employ 4,600 people and have a turnover of more than £530m.

Lex intends to operate the Sears Motor businesses independently from its existing retail operations. It is the first retail motor businesses Lex has bought since 1970.

Court ruling on Fraser's Lonrho holding imminent

HIGH COURT judge Mr Justice Vinelott will decide tomorrow whether to continue temporary freezing orders won by Lonrho last Friday freezing 280,000 of its shares held by House of Fraser and three of its nominees.

The temporary freezing order on the shares, of which 250,000 are held by House of Fraser and 10,000 each by S M Nominees, Square Mile Nominees and Midland Bank (Cornhill) nominees, will remain overnight.

But the judge refused an aplication to lift restrictions on 30,000 shares held by Mr Royston Webb, an in-house laweyer employed by House of Fraser.

In the latest round in the running battle between the two companies, Mr John Beveridge, QC, for Lonrho, accused House of Fraser of pursuing a "deliberate course of dishonesty" in giving untruthful and misleading answers to Lonrho's requests for information about its shareholders in Lonrho.

Mr John Cone, for House of Fraser, said the information given to Lonrho was accurate. "On behalf of House of Fraser, I deny absolutely that there was any specific intention to follow a deliberate course of dishonest conduct," he said. House of Fraser had yet to put in its evidence, which would give dates to support its case.

But Mr Beveridge said the evidence now showed that on a date in March, when House of Fraser told Lonrho it held only 30,000 shares through nominees, there were at least a further 24,000 held by five people with its solicitors, Memery Crystal.

"Those five interests were all acquired in a covert manner and false answers were given by House of Fraser and not only given but repeated and maintained after further pressing," said counsel.

"We cannot be satisfied we have a true picture of their nominee holdings and we wish their shares frozen until at least we do."

Lonrho also believed that Mr Webb might also be a House of Fraser nominee and were not prepared to accept his denial without full cross-examination.

Mr David Chivens, for Mr Webb, said he had not tried to hide anything from Lonrho and there was nothing to suggest he was not a private shareholder, as he claimed.

IN BRIEF

LONDON FINANCE and Investment Group (comparative figures have been restated to exclude profits, earnings and assets attributable to Afex Corporation FA, disposed of in 1985): Dividend 1.1p (1p) for 1986. Pre-tax profits £1.5m (£571,000). Total operating income £776,000 (£864,000) and exceptional profit of £997,000 (nil). Tax was £652,000 (£220,000) and net attributable profits £1.08m (£542,000)

BOOSEY & HAWKES (sheet music and musical instruments): Turnover for 1986 was £40.98m (£37.72m) and pre-tax loss £1.03m (£5.01m). Loss per 25p share 37.3p (137.6p) and no dividend (same). Net asset value 202p (225p). Company expects continued improvement in 1987.

A. BECKMAN (textiles and property): Pre-tax profits were £823,000 (£802,000) for half year to December 31, 1986. Turnover £7.24m (£7.36m). After tax £285,000 (£291,000) earnings per 10p share 5.3p (5p). Interim dividend 1.95p (same).

BETEC (engineering and property): Final dividend 1.55p (1.3p) making total 2.2p (1.8p) for 1986. Turnover was £16.66m (£14.77m). Pre-tax profits were £1.47m (£1.21m); tax took £328,000 (£336,000) and extraordinary items nil £341,000). Earnings 8.66p (6.78p) fully diluted.

UK COMPANY NEWS

Hammerson's £49m pleases City

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Hammerson, the international property investment and development group, yesterday pleased the market with a 23 per cent increase in pre-tax profits and an 8 per cent rise in the net asset value per share.

On the market, the price of the "A" shares, those most frequently traded, moved ahead 8p to 508p in response to the figures, which were at the top end of market expectations, but they slipped later to 503p as the market tumbled.

Pre-tax profits were £49.3m for the year to last December against £40m in 1985. The net asset value per share increased to 601p from 559p.

The group is following a cautious dividend policy. The 1986 final is 8.5p a share, bringing total payments for the year to 10.5p against 9.5p for 1985. They are amply covered by earnings per share of 18.76p, 17 per cent higher than the previous year.

Profits have been increasing steadily in recent years, underpinned by the growth in gross rental income which in 1986 rose to £127.6m (£116.4m).

Hammerson is gaining the benefit of rent reviews at Brent Cross in North London, where in March there was an average 60 per cent rise. Since last August the first phase of the shopping development at Mississauga City in Canada has produced retnal income. Shopping interests in Sydney have been extended and a portfolio of properties acquired in Paris has produced a full year's rent for the first time.

The size of the Hammerson development programme has risen to £132.5m from £102.5m at the end of 1985. Expansion is planned or in progress at the main shopping developments in the UK, Canada and Austraila. Around 40 per cent of the programme is in the UK, with an emphasis on the City of London.

Key projects at Tower Hill and Finsbury Circus have been prelet and the group feels it is largely protected against a possible downturn in the City market. "I'm apprehensive that 1991 could see oversupply in the City," noted Mr Sidney Mason, the chairman.

The group is looking for further expansion in France where it has funds waiting for investment and in Germany where it has two stores in Nuremburg under option. A search for property is taking place in the US.

Hammerson is offering its shareholders shares in lieu of the dividend, a measure largely directed at Australia. It is planning to ask shareholders for the power to purchase its own shares in the market.

See Lex

AB Ports 50% ahead at £26m

SIR KEITH STUART, chairman of Associated British Ports, yesterday reported a 50 per cent surge in 1986 profits to £26m pre-tax and added that 1987 had got off to a good start and prospects for the year were excellent.

Sir Keith said there had been encouraging and significant improvement in performance and profits at most group ports. Furthermore, the benefits of the recent investment programme were coming through and a number of new port facilities were now fully operational.

Port services turnover rose from £138.2m to £150.8m generating an operating profit of £20.3m, an improvement of £7.1m. The profits were struck after deducting severance payments of £3.7m (£4m) and providing £700,000 for the employee share ownership scheme.

Property income advanced to £6.4m (£5.5m) and investment income rose by £1m to £1.6m. Interest charges accounted for £2.3m (£2.1m).

A final dividend of 4p raises the total from an adjusted 5p to 6p net.

Sir Keith said it was the directors' aim to increase the profit contribution from property by redeveloping areas of land at ports and by increasing property activity elsewhere. He noted that this policy had received a major boost through the recent acquisition of the Grosvenor Square Properties Group.

Within the ports services sector further progress was made at Southampton following the recovery achieved in 1985, and in the Humber ports of Grimsby and Immingham a record 30.5m tonnes of cargo was handled.

Capacity at the Hull container terminal had been expanded and at Goole, the Boothferry terminal was further extended and modernised.

Business at the south Wales ports was generally good. At Swansea, the ferry service to Cork will be revived this month.

The group operates other ports at King's Lynn, Lowestoft and Ayr.

Sir Keith noted that since AB Ports' flotation four years ago its market capitalisation had risen from £45m to over £400m.

He said he was confident that the group's financial position, its continuing investments in improved port services and its growing property activities all pointed to further expansion in the future.

Avana chief complains to the Panel

By Nikki Tait

DR JOHN RANDALL, chairman of Welsh food company Avana—which faces a hostile £280m bid from Ranks Hovis McDougall—is complaining to the Takeover Panel personally in his attempt to keep the group independent.

The Panel has already deemed that Australian group Goodman Fielder, which has been buying RHM shares recently, is not in concert with RHM.

However, Dr Randall has written to the Panel asking why Goodman Fielder should make "token" purchases of RHM during the course of the Avana offer, and claiming that Goodman does not have the resources to mount a full bid for RHM later.

He added yesterday that he was considering appealing against the Panel ruling, pointing out that Goodman would need to buy around 14m RHM shares to prevent dilution following a successful bid for Avana. Purchases to date have been much smaller.

As Dr Randall posted his letter, Goodman announced that it has acquired a further 500,000 shares in RHM taking its interest to 15.96 per cent.

Any implication that Goodman and RHM are in concert are strongly denied by RHM. Yesterday its advisers, Morgan Grenfell, reiterated that there is "no question" of a concert party, adding that "when Goodman first took its stake, RHM didn't exactly view it as the best news of the month."

Meanwhile, County Bank, advisers to Avana, announced yesterday that it had purchased a further 50,000 shares at 801p, taking its stake to 1.57 per cent.

Strong rise in Cowie shares

Shares in T. Cowie, Sunderland-based car dealer and coach operator, rose by 55p to 450p on the expectation by Mr Tom Cowie, chairman, that results for 1987 would be substantially ahead of the £8.21m pre-tax reported for the previous year.

His comments at the annual meeting were based on the group's best-ever first three months.

The chairman added that a significant growth was expected in Cowie's financial activities and it had obtained a three-year revolving multiple option syndicated loan amounting to £150m, replacing the present £101m facility.

Redland

A headline in yesterday's FT incorrectly stated that the chairman of Redland was to join Bowater Industries. As the article beneath made clear, it is Redland's managing director who is moving.

Frost margins improve as profits near £2m

The Frost Group's results continue to reflect the policy of shedding low margin business. Turnover in 1986 fell sharply from £89.3m to £57.9m but pre-tax profits were up from £1.41m to £1.9m, or a margin of 3.3 per cent compared with 2.7 per cent at the half year and 1.6 per cent for the whole of 1985.

The group, which operates in financial services, petrol retailing and sales promotions, is preparing to meet the challenge of Green Shield stamps by merging its two stamps businesses—Cash Stamps and Supersave Stamps—into one, Blue Chip, which will be available on some 300 forecourts within one month. Green Shields' link-up with Mobil gives it access to some 800 forecourts.

The other event which the directors felt would have a tremendous affect on the company was Kuwait's purchase of the UK end of Ultramar which gave it 2 per cent of the UK market in petrol retailing terms, including previous acquisitions earlier this year.

The intention was to increase this share to between 5 and 7 per cent and Frost said that this could only be achieved by the procurement of independent dealer business and the acquisition of sites. Other companies would not stand by without defending their existing business and therefore as the largest independent petroleum retailing company, Frost was well placed in that situation.

Tax on the higher profits was only £78,000 higher at £392,000; minorities took just £1,000 (£82,000) and there were extraordinary debits of £97,000 (£198,000). Earnings per share came out at 10.87p (9.3p) for the dividend which is a total of 5.25p (4.5p) with a proposed final of 2.75p (2.5p).

Atlantic Computers makes 45% advance

BY RICHARD TOMKINS

Atlantic Computers, the computer leasing company, accompanied its agreed bid for fellow computer lessor Comcap with figures for the year to December showing a 45 per cent rise in pre-tax profits from a restated £14.9m to £21.6m.

The 1986 figures include a contribution of £2.6m from ICA Holdings, the privately-owned Dutch computer equipment company acquired by Atlantic in December. This is included on a merger accounting basis, but the previous year's figures have not been adjusted to take account of it because the effect would have been negligible.

The core computer services division performed strongly, increasing profits from £11.7m to £16.4m. Some £1.5m of the increase was a first-time contribution from the IBM computer operations recently started in the US, but there was also a considerable expansion of the European IBM computer operations through acquisitions.

DEC Systems had a "first-class" year, Atlantic said, increasing profits from £490,000 to £1.75m because of significant growth in its hardware distribution business in the UK and North America.

Manufacturing suffered a profits downturn from £1.75m to £400,000, largely because of an increase in spending on research and development at Lion Systems and MPL.

The group's financial services division increased profits from £1.04m to £3.12m because of the continuing success of Atlantic Medical in supplying private hospitals and nursing homes with electronic equipment on flexible lease and rental plans.

For the group as a whole, turnover rose from £183.1m to £320.1m. The pre-tax profit margin was down because of Atlantic's decision to change its accounting procedure so that the residual values of leased equipment are only credited to the profit and loss account when they are actually realised.

Mr John Foulston, chairman, said that the opportunities created by the proposed merger with Comcap, together with the increased levels of activity already seen from Atlantic in the first quarter, would result in significant growth prospects for the enlarged group.

● comment

Having finally girded up its loins and taken the road to Damascus unencumbered by those embarrassing residuals, Atlantic was bathing in a warm afterglow of self-righteousness yesterday and waiting for the market to pay appropriate tribute in the form of an uplift in its rating. It was well rewarded: its shares put on 48p to 640p, so if forecasts of £43m for the combined group this year are fulfilled, the price is looking at a prospective p/e ratio of 12½. That is higher than any computer lessor has been able to command in a long time, and should enable Atlantic to carry on making the sort of acquisitions which will provide the growth to sustain it. If this is a circular argument, there are still those who feel that investment in computer lessors, however well reformed, requires a certain suspension of disbelief. For the wary, it is hard to resist the observation that IBL is looking very cold and vulnerable out there on its own, and could offer the prospect of somewhat shorter term gains on an historic p/e of only 10.

Downturn at Wayne Kerr

As expected, second half profits at Wayne Kerr showed an improvement over the first, but the full year 1986 still showed a reduction at the pre-tax level, from $1.31m to £553,000.

Increased spending on new product development and continuing uncertainty in the European and US electronics markets combined to influence the performance.

Earnings fell from 8.6p to 2.8p, but the dividend is raised to 1.7p (1.5p) with a final of 1.1p.

The group is engaged in the manufacture of micro-processor based equipment, and is quoted on the USM.

The directors said they expected 1986 to be tough and they took appropriate action. Considerable resources were devoted to launching an improved range of CAD products. Positive benefits from that expenditure were expected in 1987.

The German and US subsidiaries also suffered from the downturn in activity, and the German company had a disappointing second half, reflecting the high Deutsche Mark.

Group turnover in the year fell to £11.54m (£11.75m). Tax took £265,000 (£440,000).

OTTOMAN BANK: After-tax profits for 1986 were £15.34m (£8.9m) after special items nil (£2.54m).

Kalon advances to near £5m

AFTER completing its rationalisation and thanks to improved second-half sales in the UK the Galon Group of paint and chemical makers produced sales of £81m and pre-tax profits of £4.92m for the year 1986.

The results were the first accounts to reflect a full year since the merger with Leyland Paint and Wallpaper in June 1985, via a reverse takeover. For 1985 the group reported sales of £78.59m and profits of £2.79m, after allowing for losses in Leyland.

The final dividend is 0.92p for a net total of 1.38p. The payment last year was a special 0.8p.

The directors reported that the performance of the group at the end of the first quarter of the current year was encouraging, exceeding targets in all areas of business. In the present economic climate they were looking for a record year.

A number of acquisition opportunities were being appraised.

Sales in the UK improved in the second half and that trend continued into the current year. But overseas sales fell by 18 per cent, still suffering from the impact of lower oil prices leading to reduced demand.

Trading profit in 1986 came to £7m (£4.45m). The share of related companies' losses were £166,000 (£81,000) and interest charges totalled £1.92m (£1.58m). After tax £1.82m (£1.1m) earnings worked through at 2.66p (1.4p).

Redundancy and rationalisation costs of £1.14m (£982,000) were charged to extraordinary debits.

● comment

The key figure was missing from these results; how much Leyland contributed after making a near £900,000 loss last time. Kalon has now integrated the groups and cannot split the figures out—but a modest assessment of the turnround would explain half of the pre-tax profits rise. There are further rationaislation benefits to come from the closure of the Mitcham plant; add in a further improvement from Leyland, increased chemical profits and a growing contribution from own label paints and £7m this year is not out of reach. The management has its sights set on further acquisitions to exploit its distribution system although the snag is that the gearing, 80 per cent at the balance sheet date, limits the scope for a cash offer. And any paper acquisition will be limited to the unquoted sector while the prospective p/e, on yesterday's share price of 43p, remains stuck at around 11.

UK COMPANY NEWS

Hewden-Stuart up 30% and going strong

FOLLOWING the 31 per cent rise in interim profits, Hewden-Stuart Plant reported a record £9.38m for the year ended February 1, 1987, up 30 per cent on the previous year's £7.22m. Turnover increased from £108.2m to £117.2m.

The profits were struck after a substantially higher depreciation charge which reflected the large capital expenditure of recent years as the group continued to modernise and expand.

Capital spending in the three years to February, 1986 totalled some £50m and in the year under review exceeded £20m. Also, cash outlays in connection with acquisitions made during the year came to around £5m.

The strong cash flow derived from profits and depreciation enabled the company to finance this expenditure without raising borrowings, and thus interest costs, despite a substantial rise in average rates, remained almost static at £3.13m (£3.02m). Gross cash cash flow per share rose to 23.04p (20.73p).

The company said the outlook for the current year was bright and it was confident that the recent strong upward trend in profits would continue in 1987-88.

Earnings per 10p share were 6.61p (5.68p) or 5.91p (4.97p) fully diluted, and the dividend total is 1.9p (1.7p) net with a final of 1.275p.

The company reported that after a strong start at the beginning of 1986, customer demand faltered in the summer months and was below expectations in the second half. Conditions were disappointing in Scotland and North East England and trading results from the companies operating in these areas were below budget.

Further south, where the bulk of the group's activities are now concentrated, demand, after faltering in the summer/autumn, began to moderately increase and most companies exceeded budgets. This strength had continued in recent weeks and was now spreading northward through the country.

● comment

Hewden Stuart's decision to drop the Plant from its title this summer is symbolic of the group's strategy. Crane and earth moving equipment hire now accounts for only about 15 per cent of turnover and the profits are increasingly coming from its shops and unmanned plant hire. Its customer base has spread beyond the traditional construction industries and into the south. Half its turnover now comes from south of Birmingham. In the past Hewden Stuart has competed against uneconomic prices from rivals with older and full depreciated assets but more recently it has gained from a rationalisation of the hire industry and has picked up several acquisitions at good prices. In addition it has benefited from a network of nearly 200 depots, a conservative depreciation policy and good cash flow. Pre-tax profits should increase to £11.5m in 1987. At 92p, up 5½p, this gives a prospective p/e of about 10.5. This is, perhaps, a little pessimistic about the group's prospects.

Record year by Connells as profits reach £5.3m

Record results were announced by Connells Estate Agents with turnover up from £7.97m to £16.26m and pre-tax profits jumping from £2.20m to £5.25m. Shareholders are rewarded with a 2.2p increase to 6.5p in the total dividend with a proposed final of 4.4p (3.2p).

Mr John Simson, the chairman, said that the company had expected greatly improved earnings per share—up from 10.94p to 21.14p—and the results had more than fulfilled these expectations. The favourable conditions experienced for both the residential and commercial agency had continued in the current year. Those, coupled with continuing increases in market share and the opening or acquisition of new businesses, should bring further marked progress.

Mr Simson concluded that the company was exploring the commercial and residential divisions and said that some negotiations were quite advanced.

Tax took £1.98m (£919,000); the pre-tax profit was after charging amortisation of goodwill, £70,000 (£20,000) and employee share participation scheme £152,000 (£60,000). There were no extraordinary charges this time (£22,000).

Low oil price cuts Esso earnings 17%

BY MAX WILKINSON, RESOURCES EDITOR

Esso UK, the wholly-owned subsidiary of Exxon of the US, made an after-tax profit of £527m last year, 17 per cent less than in 1985, the company said yesterday.

The profits fall, which reflected the halving of crude oil prices, reduced the company's return on assets from 21 per cent in 1985 to 18 per cent. The adverse effect of lower oil prices was mitigated to an undisclosed extent by an improvement in Esso's earnings from refining and marketing.

In common with other integrated oil companies, it benefited strongly in the earlier part of the year from the fact that crude prices fell much faster than the price of its products in the market.

Yesterday, Mr Archie Forster, Esso's chairman said the results were "very creditable" in a difficult year, and he expressed confidence that Esso would maintain a fairly high rate of investment in its business this year.

As a result of strenuous cost-cutting efforts, and some relief from oil taxes in the Budget, Mr Forster said there was now a good prospect that three substantial North Sea projects worth up to £1bn would go ahead, in conjunction with its North Sea partner, Shell.

These are the development of the Kittiwake and Osprey oil fields, which together have reserves of about 110m barrels and will cost from £450m to £530m to develop; and the Sole Pit gas field which will cost £450m to £500m.

Esso says the development of Sole Pit depends crucially on the outcome of talks with British Gas about the price it will pay for supplies from the field. The argument centres on how to apportion the risks of a sharp fall or a steep rise in oil prices during the life of the field.

Last year Esso's total capital investment of £472m was 20 per cent below the level in 1985, but this fall partly reflected the fact that downstream investment in 1985 was unusually high. Esso's investment in exploration and production in 1986 was £370m, only about 10 per cent below the 1985 level.

Esso's production of North Sea oil and natural gas liquids reached a record of 421,000 barrels a day last year and sales of natural gas rose to their highest of 615m cubic feet per day.

Laidlaw rises to £1m

Laidlaw Group, Edinburgh-based Ford main dealer, raised pre-tax profits 32 per cent in 1986, with profits doubling at the dealerships in Essex and Kent.

On turnover up by 11 per cent to £89.89m (£80.84m) the pre-tax result improved from a restated £829,000 to £1.09m.

The directors are recommending an increased final dividend of 2.8p (1.7p), making a total for the year of 4p (2.8p). Earnings per 10p share showed a rise of 2.31p to 9.81p. The company's shares are traded on the USM.

Mr Mac Robertson, the chairman, said that with the probable relaxation of Ford's five dealership limit, the group intended to acquire a further Ford business in the not-too-distant future. That, together with the excellent start made to 1987 made him optimistic for the group's growth prospects, he said.

During 1986 rationalisation at the Strathclyde dealership had resulted in a small profit being made in the first quarter of the current year.

Dowding & Mills up 30% and forecasts record year

A 30 PER CENT increase in pre-tax profits, from £2m to £2.6m, was reported yesterday by Dowding & Mills, Birmingham-based electrical and mechanical engineer, for the half-year ending December 1986.

Even without any improvement in the current level of activity Mr Peter Hollings, the chairman, said the group would have another record year. For the year to June 1986 pre-tax profits of £4.14m were achieved.

The directors are stepping up the interim dividend to 0.64p (0.58p), payable from improved earnings of 2.06p (1.96p) per 10p share.

Bootham Engineers, which was acquired in July 1986, failed to achieve its profit forecast for its year to October, the chairman said. However, the restructuring and integration of the company was well under way, and the benefits of that were beginning to flow through, he added. Bootham contributed £425,000 to the results.

Group sales for the six months rose 53 per cent from £14.55m to £22.29m, and currently activity in the electrical and mechanical servicing industry was steady, he said.

Tax took £893,000 (£791,000) and there were minorities of £9,864 (£12,200).

Raine interim profits trebled to £1.52m

Raine Industries, the growing holding company with interests in construction which has Mr Nigel Rudd as its chairman has reported almost trebled interim pre-tax profits. During the period to the end of December 1986 the company merged with Miller Wheeldon.

Mr Rudd said that Miller has been successfully integrated and that the profits of £1.52m, against £521,000 were above the group's forecasts.

Turnover improved from £13.53m to £16.72m and stated earnings per 10p share came out at 2.74p (0.86p) undiluted and 2.26p (0.71p) diluted. The interim payment is being increased to 0.4p (0.22p).

The figures were prepared on merger accounting principles.

Since the end of the period the group has bought Ford and Weston, shopfitter and contractor, and increased its stake in Tilbury Group to 22.2 per cent.

The tax charge was £445,000 (£182,000) and dividends absorbed £209,000 (£58,000) to leave retained profit at £868,000, against £281,000.

Lec drops to £1.99m in poor trading year

DESPITE A better trend in second-half results, Lec Refrigeration ended 1986 with pre-tax profits lower at £1.99m, against £2.77m, on turnover down from £54.18m to £48.34m.

The launch of two restyled and enhanced ranges of products helped to improve results in the second half. These new products are now well established and 1987 has so far shown positive progress in sales volumes and demand.

Last year was a poor trading year due partly to very bad weather in the first few months which caused heavy stock levels in retail outlets throughout the UK.

This situation resulted in reduced demand for much of the year. There was also continued intense competition in the industry heightened by increased penetration of products from Eastern Europe.

After tax of £716,000 (£1.2m) earnings per 25p share were 21.02p (25.88p). The final dividend of 8.5p maintains the total at 12.5p.

MEPC/Oldham

MEPC has confirmed that its offer for Oldham Estates would remain open until further notice, and in any event until Oldham shareholders had been informed of its specific terms and had an opportunity to accept.

The right to make a mix and match election had ended. The loan note alternative and the loan stock alternative would remain open for as long as the offer remained open.

UK COMPANY NEWS

Simon meets bid forecast with £28m

Simon Engineering's results for 1986 were right in line with its estimates made during the recent abortive bid from Valuedale. Pre-tax profits were £27.98m, against the forecast of not less than £27.8m and £26.13m for 1985 and represents the 15th successive year of profit increases.

Mr Harry Harrison, in his last statement before he retires as chairman, said that during 1986 the company completed a number of carefully selected acquisitions to increase the international competitiveness and scope of certain existing operations in growth markets. Much of that investment was in manufacturing operations and the acquisitions had been assimilated into the group, and were contributing to profit generation in 1987.

Commenting on the highlights of 1986, Mr Harrison said that in manufacturing the expansion in the US had been outstandingly successful. Operations in the manufacturing division overall saw turnover rise from £112.67m to £122.8m and profits before tax up from £5.66m to £8.32m. With turnover improving from £65.92m to £72.89m and pre-tax profits from a loss of £279,000 to profit of £1.96m, the food engineering group had turned in much improved results, but still below the levels of previous years.

The engineering services group had a successful year. Although turnover was down from £162.08m to £132.41m the pre-tax profit improved from £4.95m to £5.78m.

Intense competition in world markets for large-scale contracting was reflected in the results of the process plant contracting group with turnover down from £99.89m to £83.77m and pre-tax profits £2m down at £2.52m. But the group has recently signed a letter of intent for a large turnkey contract in the Soviet Union for the building of a complex for the production of advanced electronic equipment.

Elsewhere, the oil services group saw a fall of £13.26m in turnover to £23.85m and profits £1.47m down at £1.14m but there were indications of a modest improvement in some areas. The merchanting and storage sector had another satisfactory year—turnover improved some £8m but profits marked time at £5.32m.

Mr Harrison concluded that management was looking for further profit growth in 1987.

Total group turnover last year fell from £539m to £503m but costs were down from £517m to £478m leaving operating profits up from £22.68m to £24.9m.

The share of profits of principal related companies was £157,000 (£183,000) and net interest receivable amounted to £2.93m (£3.26m). Tax charged was £8.15m (£6.43m) and minorities took £1.45m (£1.46m) leaving net profits of £18.38m (£18.24m).

The Valuedale bid defence costs were £2.85m and other extraordinary items were £4.26m (£8.64m) and related to the cessation of various activities.

Earnings per 25p share before the extraordinary items were 29.3p (29.2p) and as intimated the final dividend is 8.8p to make a total of 11.5p (8.5p).

● comment

Simple Simon Engineering certainly isn't; during the Valuedale bid, the confusing struc-ture, with six divisions in widely diverging markets, was extra ammunition to add to the company's sluggish growth record. The new three sector split will not only ease the task of presentation but will also emphasise the underlying shift from contracting to manufacturing. A main plank in Simon's success in fighting off Valuedale was the fact that new management had already been installed—but it is now time for Simon to repay that confidence with some signs of growth. But the group may need to use its strong balance sheet to buy-in its growth this year. Unfortunately, the rising tax charge means that the less optimistic of analysts' estimates point to static earnings; even assuming a pick up in pre-tax profits to £31.5m, earnings growth will hardly be spectacular. Whether that will be enough to fend off a suitor with more clout than Valuedale is open to question and adds a bit of spice to the share price, which fell 15p to 333p yesterday, despite the fact that these figures were forecast during the bid.

BIOCHEMICALS INTERNATIONAL (USM-quoted effluent treatment engineer): Turnover £189,950 (£175,298) and pre-tax loss £230,000 (£352,000) for 1986. Loss per 10p share 2.75p (4.12p).

Bellwinch making SE debut with £36m value

By Ralph Atkins

BELLWINCH, the housebuilder, is being floated on the Stock Exchange via the placing of 10.19m shares, giving the group a market capitalisation of £35.7m.

Hill Samuel & Co will place the shares, representing 32.8 per cent of the enlarged share capital, at 115p each. Dealings are expected to start on April 16. The brokers are Alexanders Laing & Cruickshank.

The group, formed after a management buy-out in 1985, builds houses in the London docklands, Home Counties and Swindon areas. The flotation will finance further expansion.

"The business has progressed slightly better than we anticipated and it has been considered that now is a very good time to do a flotation," said Mr Ron King, chief executive.

Of the shares being placed, 7.61m are new shares issued by the company to raise £8.28m after expenses.

The group's turnover has increased from £10.24m in 1982 to £23.16m in the year to June 1986. In 1982 the group incurred a loss of £377,000 but achieved a profit of £650,000 in 1985. This increased to £2.57m in 1986.

Mr King said the increase in profits has been helped by the property boom.

A pre-tax profit of £4.6m is forecast for the year ending June 1987. At the placing price this gives a p/e multiple of 11.4 on the fully diluted share capital.

A notional net dividend of 3.2p gives a gross yield of 3.81 per cent. Pro forma net tangible assets per share will be 46p.

Folkes up and investing

BENEFITS OF restructuring and investment in growth areas helped the Folkes Group to lift its pre-tax profit from a restated £1.87m to £2.4m for 1986.

And after four years of retrenchment, rationalisation and redirection, the group was poised to take new initiatives and exploit new opportunities, said Mr Constantine Folkes, the chairman.

In the year property, services and engineering all showed better profits, while in consumed products the results were similar.

Now the group was to embark on a minimum £3m investment programme, said the chairman. Under that £1.75m would go to developing three property sites, £750,000 to expand and improve heat treatment plant, and £500,000 to keep Evertidy in the forefront of kitchen furniture design and manufacture.

Turnover in 1986 came to £58.3m (£62.23m). Pre-tax profit for 1985 was reduced from £2.15m to £1.87m, being adjusted for the termination of the trading activities of two civil engineering companies.

After tax £464,000 (£300,000) and minority loss £12,000 (nil), earnings came to 4.5p (3.63p). The final dividend is 1.15p for a net total of 1.5p (1.4p). Extraordinary items took £1.27m (£1.15m).

BOARD MEETINGS

TODAY

Interims: International Investment Trust of Jersey, Tyzack Turner, Ulster Television.

Finals: Brent Walker, Cluff Oil, Conder, Dinkie Heel, Hay and Robertson, Local London, Merlin International Properties, Tyndall Holdings.

FUTURE DATES

Interims—	
Astra Holdings	Apr 15
Chrysalis	Apr 23
Low (William)	Apr 23
Prestwick Holdings	Apr 27
Finals—	
Aberdeen Steak Houses	†Apr 23
EIS Group	Apr 21
Fisher (Albert)	Apr 15
Photax (London)	Apr 13
Quarto Group	Apr 13
Securities Trust of Scotland	Apr 22
United Ceramic Distributors	Apr 15
Viking Resources Trust	Apr 27
Ward Group	Apr 28

† Amended.

Spirax-Sarco profit static as oil price fall lowers demand

BY ALICE RAWSTHORN

Spirax-Sarco Engineering, a specialist in fluid control equipment, yesterday announced a modest 4 per cent increase in pre-tax profits to £16.88m for 1986. The growth was achieved despite adverse exchange rates and difficult trading conditions in its core markets.

Given that Spirax-Sarco specialises in the manufacture of energy efficient fluid controls, demand for its products was sapped by the fall in the oil price. Chiefly because of the effect of cheaper oil, sales were sluggish: falling in the UK, stabilising in the US and rising marginally in Europe.

The Asian and Australian businesses, by contrast, continued to sport steady growth. Yet Sprixa-Sarco is still finding it difficult to break into the Japanese market.

Nonetheless group turnover rose to £94.66m (£85.77m) in 1986. The UK accounted for 27 per cent of the total, Europe for 24 per cent, North and South America for 34 per cent and the rest of the world for 15 per cent.

Operating costs increased to £78.41m (£70.29m). Trading profits from the UK rose to £5.08m (£4.89m) and from overseas to £11.19m (£10.59m). Adverse exchange rates, however, erased an estimated £500,000 from the group's pre-tax profits.

Interest receivable fell to £610,000 (£695,000). Taxation also fell, reflecting a change in the mix of international profits, to £6.15m (£6.22m). This boosted earnings per share to 14.5p (13.6p). The board proposes to pay a final dividend of 4.2p making a total of 5.7p (5.3p).

Drayton Controls benefited from the buoyancy of the UK domestic and commercial heating market and showed healthy growth. ABCO, which was acquired in February, operated at a small loss that should be reduced this year as product development comes to fruition.

Given that Spirax-Sarco anticipates recovery in the UK market and a return to growth in both the US and Europe, the board has expressed its "optimism" for the full year.

● comment

There can be few engineering groups quite so predictable as Spirax-Sarco. The City barely blinkered at this set of preliminaries and the shares slipped by 2p to 184p yesterday. Spirax's markets move so slowly that it is just as difficult for a competitor to eat away at its market share as it is for Spirax itself to make inroads into new markets such as the US or Japan. The combination of more clement market conditions with the coming to fruition of four years of prudent investment in marketing in the US should ensure a respectable rise in profits to £18.7m or so this year. But Spirax's equity is so arely traded, that the shares seem fully valued on a prospective p/e of 12.

Ruberoid growth continues with profits up 29%

Ruberoid, has reported its 11th successive year of growth with a 29 per cent increase in pre-tax profits for 1986. Mr Thomas Kenny, chairman, said in spite of a difficult start the group was aiming for £10m profits for the present year.

Turnover improved from £117.42m to £137.76m, a rise of 17 per cent and pre-tax profits came out at £9.12m (£7.07m). Earnings per share were 34.93p (28.92p) and the dividend is being raised to 10.5p (8.6p) with a proposed final payments of 8.1p (6.4p). A two-for-one scrip issue is also being proposed.

The building products division, which is the main profit contributor, showed sales up by 17 per cent and profits up by 16 per cent. ATAB in Belgium did especially well, the chairman said while Vulcanite in the UK continued its progress.

Contracting sales increased by 23 per cent with profits more than doubled. Work during the period included re-roofing Alexandra Palace and terminal three at Heathrow. Mr Kenny said the order book was good.

He added that much money had been spent on the group's paper plant, but it had yet to prove its worth. There had been management changes last month which he said might change that.

Elsewhere in paper, plastics and resins, Catalin did not have a good year but Mr Kenny, who described the company as temperamental, said that the present year looked better. Corruplast, "after a difficult childhood," now earned good money and there were plans for expansion.

The group's contested £8.9m claim against Ernst & Whinney over Camrex, the marine and industrial paint maker which was liquidated in 1985 following losses, will be heard in December.

A property revaluation revealed a surplus of £1.24m, which was taken direct to reserves.

Helical Bar shares jump as profits soar to £6.7m

Helical Bar, property developer and investor, took in £5.6m from the sale of 48 Chiswell Street, EC, so that pre-tax profits for the year to January 31, 1987, emerge at £6.67m compared with just £488,000 for the previous year. After a five year absence, the company returns to the dividend list with a proposed final payment of 2p per 25p ordinary.

The shares were marked up 70p to 920p yesterday. The company's share price has more than trebled in the last six months and the current price compares with the 1986 low of 56p.

During the year Helical completed its transformation from steel reinforcement to a merchant property company. New activities during the year included entry into the Central London residential market and it continued to build up its stock of commercial developments.

The directors stated that the company was involved in a range of office and residential developments and prospects for 1987 were satisfactory. There would be a further £3.4m of profit to come in the current year from the Chiswell Street sale.

Turnover last year totalled £31.63m (£7.32m) and operating profits were £6.94m (£529,000). Interest payable was £275,000 (£41,000) and taxation took £2.45m (£240,000); minorities were £679,000 (£136,000) and there were extraordinary items of £32,000 (£83,000) leaving attributable profits of £3.51m (£29,000). Stated earnings per share were 101p (3.5p).

President Entertainments jumps 46%

President Entertainments achieved substantial growth in 1986 with pre-tax profits up 46 per cent from £1.4m to £2.05m. Turnover rose 44 per cent to £11.21m, against £7.77m.

Mr Robert Earl, chairman, said the group continued to expand in all three divisions—theatre restaurants, chain restaurants and prestige restaurants.

Its continuing progress was due to the considerable development of existing restaurants and expansion into new and profitable areas. Mr Earl said the board intended to build upon the growth achieved in 1986 "by continued expansion and acquisition to make 1987 an even greater success."

After tax of £581,000 (£464,000) earnings per share increased 31 per cent from 6.18p to 8.1p. The final dividend is 1.5p (1.33p) net for a total payment up from 2p to 2.25p, costing £470,944 (£294,224).

Accord tops forecast with £927,000

Accord Publications has comfortably exceeded the profits forecast made last June at the time of its flotation on the Unlisted Securities Market.

With sales up 70 per cent to £7.09m — against a forecast of not less than £6.4m — pre-tax profits for 1986 more than doubled from £351,372 to £926,757. This compared with a projection of not less than £860,000.

Earnings per 5p share jumped from 2.9p to 9.5p, against a projected 7.9p. As forecast, there is a final dividend of 2.3p net — founding shareholders, including the chairman and his family trusts, are waiving their rights to two thirds of their dividend entitlement.

The company said sales growth was helped by the successful launch of two new products — including the Champagne collection of greeting cards and the Silver Lightning range of wrapping papers. Further progress is expected in the current year.

APPOINTMENTS

Balfour Beatty finance man

BALFOUR BEATTY has appointed Mr Ronald A. Henderson as finance director. He leaves his present post as director of finance and administration with Brown & Root in the UK, to take up his new duties on May 1.

★

LESLIE & GODWIN has appointed Mr Roger R. Davies as managing director of Leslie & Godwin (UK) from May 1. He is chairman of Jardine Insurance Brokers.

★

Mr Heyden Green, chairman of WILLIAM GREEN & SON has relinquished the post of chairman and director of its subsidiary Grenson Shoes and has been replaced by Mr T. A. Purslow, group managing director. Mr G. J. Pearson has been appointed managing director of Grenson Shoes. He was chief executive of Tata Exports plant at Dewas, India.

Bank Leumi (UK) chief

Dr M. Heth has been co-opted to the board of BANK LEUMI (UK) and appointed chairman to replace Mr M. Einhorn, who remains on the board. In January, Dr Heth was appointed Chairman of Bank Leumi Le-Israel which owns the majority of shares in the bank. Mr B. Schreier of C.P. Holdings, which has subscribed for 510,000 new shares in the bank (about 9 per cent of the issued share capital), has also been co-opted to the board. Dr Y. Kadishay and Mr D. Friedmann have retired as directors. Dr Kadishay was formerly a general manager. Mr Friedmann, presently head of the international division of Bank Leumi Le-Israel, has been appointed managing director of the Union Bank of Israel, a subsidiary of Bank Leumi Le-Israel BM. Mr E. Lerner, with the group for 50 years, has resigned from the board.

★

Mr Frank Kennedy has been appointed divisional director, overseas civil and building operations; Mr Bob Sutton, divisional director, overseas private development, timeshare and leisure activities; and Mr Peter Grey has become divisional marketing director, international contracting, at GEORGE WIMPEY.

★

Mr Philip Swindells has been appointed sales and contracts director of SAUTER AUTOMATION, Slough. He was northern regional manager.

★

Mr Rod Marr has been appointed store operations director of MOTHERCARE UK. He was with BHS, where he was a senior regional controller.

★

COMPAQ COMPUTER has promoted Mr Peter Bayley, formerly UK marketing manager, to UK marketing director.

★

The WCRS GROUP has elected Mr Simon Olswang as a non-executive director. He has been legal advisor to the company since its inception and is senior partner of Simon Olswang and Co, solicitors.

★

Mr Clive Landa has been appointed managing director of AIR CALL TELETEXT and Allen Computers. He joins Air Call Communications after eight years with Mills and Allen International Group. He was managing director of Shepperton Studios and the Pearl & Dean Group.

★

IGG INDUSTRIES has been formed as part of the International Gemma Group of Cosham, Hants. Mr Bill Manuel is appointed chairman: Mr Humphrey Metzgen and Mr Dennis Lockwood, joint managing directors; Mr Ian Hay, financial director; Mr Glyn Church, sales director; Mr Peter Church, engineering director; Mr Malcolm Ponsford, production director; and Mr Martin Webb, company secretary.

★

Mr John Fairs, managing director of John Tann, has been appointed managing director of TANN INTERNATIONAL with responsibility for the operations of Tann Security Products, Tann Canada and Tann USA. The post is in addition to his present responsibilities.

★

Mr Allan Jonnes has been appointed executive director to the London office of GAMLESTADEN, new British venture of a Swedish financial investment house, Forvaltnings AB Gamlestaden.

★

Mr Lawrence Aspinall and Mr David Hesketh have joined the board of CUTHBERT HEATH UNDERWRITING.

★

Mr Brian Connolly has been appointed managing director of LEX SYSTEMS LEASING, a joint venture company between Lex Service and Lombard North Central.

★

Mr Ian Taylor has joined GROSVENOR VENTURE MANAGERS, Slough, and has been appointed to the board of Grosvenor Development Capital Management. He was with 3i.

★

Mr Norman Ireland has been appointed to the board of THE SCOTTISH HERITABLE TRUST as a non-executive director. He was chairman of Bowater.

Changes at Everard's

Leicestershire brewery EVERARD'S is making a number of changes at board level during 1987. Mr Adrian Weston, chairman, will retire at the end of the year, and be succeeded by Mr Richard Everard. Mr P. A. W. B. (Tony) Everard remains president but retires from all executive functions from November. Mr Anthony Morse, managing director, leaves on April 24 to be succeeded by Mr J. N. (Nick) Lloyd, currently a non-executive director and formerly the brewery's retail director. Mr Rupert Legge, previously retail director (north) with Imperial Inns and Taverns, takes over as sales director responsible for both tied and free trade, on May 5.

★

FRENCH KIER has made the following changes: At French Kier Midlands Mr Morris Croft has been appointed managing director. He was contracts director with Robert Marriott. At Robert Marriott Mr Roy Murphy has been promoted to contracts director. At French Kier Northern Mr Martin Braxton has been promoted to building director. At French Kier Southern Mr Brian Parkes has been promoted to contracts director. French Kier is a division of C. H. Beazer (Holdings).

★

Mr David Pead has been appointed group finance director of WARD HOLDINGS. He was group finance director of The Tern Group.

★

At P & B ENGINEERING CO, Crawley, which recently merged with W. M. Shakeshaft, Manchester, Mr Peter Wright, formerly chief engineer, becomes technical director responsible for research and development, and Mr Richard Craweour, formerly sales and marketing manager, becomes P & B's director responsible for earthing equipment, instruments, pneumatics and "cubic" enclosures.

★

Three of CITY LINK'S general managers have become board directors of their respective group companies: Mr Geoff Taberner of City Link—Manchester; Mr David Ross of City Link—Basildon; and Mr Terry Deadman of City Link—Gatwick.

★

Mr Ernest Barrett, chairman of Bradford-based HENRY BARRETT GROUP, has retired and been succeeded by Mr Guy Barrett. New managing director of the Steel buildings division is Mr Richard Barrett, former technical director who has taken over from Mr Guy Barrett. Joining the division's board are Mr Andrew Hibbens as technical director and Mr Bryan Ellison as production director.

★

SECURITY PACIFIC HOARE GOVETT EQUITY VENTURES a new venture capital company, has named as managing director Mr A. E. B. Wiegman, formerly of County. Mr Richard West, chairman of the executive committee of Hoare Govett, will serve as chairman. Two executive directors were also named: Mr Robert M. Lindemann, formerly senior vice president with Hoare Govett's corporate finance group; and Mr David C. M. Carter, previously a vice president, acquistion finance, with Security Pacific Euro-Finance.

★

WILLIAMS LEA has appointed Mr Michael Hemsley as associate director, corporate finance sales.

★

GARFIELD LEWIS has appointed Mr Rod Cruickshank to the board of Garfield Lewis (Manchester); and Mr Richard Stubbing to the board of Garfield Lewis (Bristol).

★

Mr Andy Cowie has been appointed to the board of ISC SYSTEMS. He will be director in charge of customer services. He joins from the board of Norton Telecommunications Group, UK Siemens subsidiary. From 1979 to 1985 he was managing director of Pye (subsequently, Philips) Business Systems.

★

At TRILION Mr J. Peter Crook has resigned to pursue other business interests and Mr Donald Myer de Groot, a director of ANZ Merchant Bank, has been appointed to the board as non-executive director.

Board posts at Mowlem

Two divisions in the MOWLEM group have made executive appointments. Mr Alec Ward has been appointed to the board of Ernest Ireland, the Bath-based division of Mowlem Regional Construction. Mr Gerald Brown has been appointed financial director of Mowlem (Building), the group's general contracting division. He will remain financial director of Mowlem (Civil Engineering).

★

Mr David Channing Williams has been appointed director-in-charge of RACAL-VODATA and Mr Julian Horn-Smith becomes marketing director of Racal-Vodafone.

★

Following the acquisition of Trade Promotion Services by EMAP, an exhibitions division has been formed. Mr Robert Mackenzie has been appointed chief executive and Mr Mike Wells deputy chief executive. Mr Mackenzie and Mr Wells retain their posts of managing directors of EMAP International Exhibitions and EMAP Maclaren Exhibitions respectively.

★

Mr Darryl Phillips, chairman of GREY HOLDINGS PTY, of South Africa, is to join the board of RICHARDS LONGSTAFF, subsidiary of York Trust Group.

★

At WIRA TECHNOLOGY GROUP Dr Douglas N. Munro succeeds Dr Brian E. King as director and chief executive.

★

Mr Oliver P. Lodge has been appointed a director of EXCO FUTURES, a division of Exco Capital Markets. He was with Drexel Burnham Lambert.

★

Dr Ingram Lenton has been appointed to the board of WATTS BLAKE BEARNE AND CO. He was previously chairman and managing director of Bowater Industries.

COMMODITIES AND AGRICULTURE

Venezuela's $500m coal mine plan

BY JO MANN IN CARACAS

A SUBSIDIARY of Venezuela's state oil company and two international coal concerns this week signed a letter of intent for developing a coal mine in western Venezuela which is projected to reach production capacity of 6.5m tonnes per year in five to six years.

Investment in the project is estimated to be between $500m and $550m. An open pit mine will be developed in Zulia state, and a railway and port facilities will be constructed on the Gulf of Venezuela.

The mine will be Venezuela's largest, and when maximum production capacity is reached it will rank as an important producer of steam coal. Venezuela plans to export all coal produced from the Zulia mine, principally to clients in Europe.

The partners in this joint venture are Carbozulia, a wholly owned subsidiary of Petroleos de Venezuela SA (PDVSA) the state oil monopoly, which was set up to manage the project and will hold 49 per cent of total shares. Foreign partners which signed the letter of intent are Agip Carbone, a subsidiary of Italy's Ente Nazionale Idrocarburi (ENI) and the Arco Coal Company of Venezuela, a subsidiary of Arco (Atlantic Richfield) of the US.

The letter left open the possibility for including a third foreign partner—Carboex of Spain. Participation of the Spanish company should be decided by August of this year. The group of foreign partners—whether it eventually includes two or three firms—will hold a total of 48 per cent of stock in the venture, while 3 per cent will be sold to private investors in Venezuela.

A company will be established in Maracaibo, the capital of Zulia state, to develop the mine and related facilities, probably under the name of Carbo Zulia. Another company will be set up in Europe to market the Venezuelan coal overseas. Carbozulia and the other partners are expected to have holdings in these other concerns in proportion to the original equity formula. Formal negotiations on establishing a company to develop the mine are scheduled to be completed before the end of this year.

The partners in this venture expect the international coal market to remain highly competitive for the next decade, but nonetheless believe that high quality coal can be produced in Zulia at costs that will make it most attractive. A study on the Zulia project carried out by BP Coal in 1985 estimated production costs at around $21 per metric tonne fob in 1985 dollars.

Investment estimates for the project made public this week in Caracas are considerably lower than those issued by the government in the past. Aside from keeping investment costs as low as possible, the partners are counting on the favourable effects of an undervalued local currency (the Bolivar), and consequently very low labour and energy costs in international terms.

These partners wish to avoid the investment overkill that occurred at the Cerrejon coal project in Colombia, where Exxon and its partner invested an estimated $3.5bn to develop production capacity of 15m tonnes a year, and where costs per tonne—including investment amortisation—are excessively high in comparison with current world prices.

The Guasare region where the mine is to be located lies near Venezuela's border with Colombia and covers over 8,000 hectares. The specific zone, called Paso Diablo, has readily recoverable reserves estimated at over 300m tonnes from open

pit activities, out of proven reserves of over 400m tonnes. Total coal reserves for the area are estimated to be much higher.

The president of Agip Carbone, Mr Fransesco Coffrini, said feasibility studies were still being carried out on different aspects of the project. However, he estimated that Zulia coal had about 9 to 13 per cent ash content, and could probably be exported unwashed. He estimated sulphur content at 0.7 per cent and thermal value at 12,500 btu per pound.

The mine is expected to begin to produce small quantities of coal this year at an annualised rate of 300,000 to 500,000m tonnes in order to provide samples to potential customers. Over a five to six year period, production will be increased in stages to 2m tonnes a year and eventually 6.5m tonnes a year. The Venezuelans would like to design the project so that ultimate production capacity could be doubled if future demand warranted such an expansion.

Coal will be carried from the open pit site to a deep water port on the Gulf of Venezuela by railroad. The exact site of the future port has not yet been chosen nor have the partners decided on the size of vessels to be used for exporting the coal.

The Venezuelans expect to sell at least 80 per cent of Zulia coal to clients in Europe, and Italy alone could absorb a large share of Venezuelan output.

ENI's president, Mr Franco Reviglio, also said in Caracas that his company was looking at the possible use of slurry coal (pulverised coal mixed with water) as a fuel, but he believed this would be a long-term project.

The Zulia coal project has been discussed here for decades, but was clearly defined only about a dozen years ago when the Government of President Carlos Andres Perez (1974-79) called for international bids on the coal project, and related steel and thermal electric plant. The latter two projects were eventually shelved. The Perez Government ran out of money and time. The succeeding administration (1979-84) was also interested in advancing the project, but failed to do so.

British Coal aims to buck price trend

BY GERARD McCLOSKEY

BRITISH COAL is proposing to develop its planned coking coal mine at Margam, in South Wales, at a time when other coking coal producers are suffering heavy losses.

Coking coal mines are being forced to concede price cuts and accept continuing financial losses in order to secure orders from steel mills.

If Margam is to be successful it will have to buck a trend which has seen all export coking coal mines opened this decade operating under severe pressures. The most glaring example is Quintette, in Canada, the largest exporting coking coal mine in North America, which is fighting to stave off the threat of bankruptcy.

In the current round of annual price talks, cuts won by steel mills in Brazil, South Korea and Japan are beginning to have an impact in Europe.

Price cuts of $5 a tonne established by the Japanese have started to show up in Europe. The problem for mines exporting to Europe is that many prices were already substantially below what the Japanese were paying.

Settlements have been reached with mills in Scandinavia, Italy and the UK — but so far only for coals from North America. The Australian coal producers have still to reach any agrement, although the contract year started last week.

European mills have brought the US coal suppliers' levels down to about $47 a tonne. Similar cuts have left two Canadian mines with far more serious setbacks.

Late last month the British Steel Corporation bought 350,000 tonnes of coking coal from Balmer, Westar's British Columbian mine, and L ine Creek, owned by Shell Canada. The cuts of US$5.55 a tonne, which would not have been exceptional but for the low level of last year's prices, resulted in a new price of just $36.

Even though the British Columbian price is affected by the costs of the long and relatively expensive ocean journey to Europe, this is a sobering level for the Canadians, who are fighting a large oversupply of export coal. The British Steel price compares with a recent agreement at $44 a tonne between the Canadian exporters and Japanese mills.

Into this depressed sector of the world coal market, British Coal is launching the proposed £90m Margam coking coal drift mine, which is planned to produce 1.2m tonnes of coal a year. This compares with Quintette's 6m tonnes.

With flat world steel output, no early recovery is expected in world prices for coking coal.

However, British Coal expects to make a profit by selling Margam coking coal at an average price of £36 a tonne, or $58. The anticipated operating cost is £22 a tonne, plus up to £9 in financing charges.

British Steel's Port Talbot works is only just over three miles from Margam, which will produce exceptionally low sulphur coal (0.5 per cent) commanding a $5.50 a tonne premium.

These advantages will be needed if, as it intends, British Coal is to see off much of the 1.2m tonnes of Australian and Polish coal now being imported each year to Port Talbot. If British Steel wins similar price cuts to those it has gained from Canadian suppliers, Australian coal could be delivered at Port Talbot for $45 a tonne, and Polish at $50.

While modest in the context of the world's 160m-tonne-a-year international coking coal market, Margam will have to face up to the same pressures as its larger competitors if it is to succeed.

Potato price 'distortion' denied

BY DAVID BLACKWELL

THE LONDON Potato Futures Association has rejected a call by the Potato Marketing Board (PMB) for it to use its emergency powers to correct thet "gross distortion" in the relationship between the futures and physical market prices.

Mr Bill Englebright, joint secretary of the association, said the market was being closely monitored, and that it was trading "very well and in a very fluid way."

"If it's doing that, who has the right to say it is trading too high?" he said.

The April contract, which has been at about £170, eased to £167 yesterday after trading as low as £163.90. This compares with an average price on the physical market of £105 a tonne.

Trading this morning is expected to be brisk, but it is thought that as many as 500 lots, or 20,000 tonnes, could be left outstanding for delivery on to the market when the contract expires at mid-day.

The PMB believes this amount of deliveries cannot be absorbed into the physical market without causing major disruption. But Mr Englebright believes the futures market, which has 210 stores across the country can easily handle the deliveries, which would be spread over three weeks.

He said that the underlying buoyancy in the market reflected a feeling that, although there was a good supply of potatoes, there were not enough available which would measure up to the standard demanded by the futures market.

Mr Pooley rejected this firmly, maintaining that the great majority of potatoes on the physical market were deliverable against futures contracts.

New York exchanges to join forces

By David Owen in Chicago

IN A MOVE which may presage greater co-operation between the city's five competing futures exchanges, the New York Futures Exchange (Nyfe) is to acquire an interest in the New York Cotton Exchange and move its trading operations to the Cotton Exchange floor.

Under the terms of the agreement, Nyfe, a New York stock exchange subsidiary, will pay the cotton exchange $300,000-$500,000 per annum for expenses and will receive 49 per cent of the profits generated by the Financial Instruments Exchange (Finex), the Cotton Exchange's financial futures division.

The deal is expected to prove particularly beneficial to Nyfe's stock index and commodity index futures contracts by improving their accessibility to traders at the Commodity Exchange Center, where the Cotton Exchange and other New York futures exchanges are located.

Nyfe members will have access, meanwhile, to the US dollar index futures and options of the European currency unit futures currently traded at Finex.

Tin agreement likely to be extended

BY STEFAN WAGSTYL, MINING CORRESPONDENT

THE INTERNATIONAL Tin Agreement, which is due to expire at the end of June, is likely to be extended for at last another year and probably for two.

The members of the International Tin Council have no intention of resuming their price support activities which ended when the council defaulted on debts of £900m in October 1985. But after meeting in London this week they are set to extend the life of the agreement so that it can continue to deal with the legal disputes with the council's creditors. Research and statistical work would also continue.

A formal decision has yet to be made. But delegates said yesterday that both producer and consumer countries wanted the council to stay in being after the present expiry date of the current (sixth) ITA. The council's staff has been cut sharply since the end of the price-support activities but members face continuing legal bills in its court battles.

New Zealand sees hope in dairy shortage

BY DAI HAYWARD IN WELLINGTON

A 15 per cent cut in dairy production has left New Zealand with a severe shortage of all dairy products except butter. It is now being forced to ration customers and, in some cases, to pull out temporarily from new markets it was starting to develop.

Other dairy producing countries outside the EEC, particularly — Australia, and to a lesser degree Canada and the US, are also short of stock.

This New Zealand dairy industry leaders say, creates a golden opportunity to lift world prices. Any sustained price increase, however, would require a reduction in EEC export subsidies, they argue. And this is the case, Mr Jim Graham, the NZ Dairy board chairman, will be putting forcefully in Brussels and other EEC capitals next month.

At the start of the current season the Dairy Board introduced a scheme encouraging procedures to cut milk production. It was reasonably successful — many farmers reduced production and others gave up dairying altogether. Then a severe drought hit the industry. When the current season ends in May milk fat production will be down to about 300m kgs from last season's 350m. And estimates for next season are not much higher.

As a result New Zealand has sold or committed all its stock of cheese, casein, and skimmed milk or whole milk powder. It has moved from a position where it was chasing every possible order, rationing supplies and giving priority to its longest established customers.

The board has also cleared its butter stock-pile this season with a 60,000 tonne sale to Brazil at a special low Gatt-approved price. It can meet all its commitments for butter and needs more sales to finish the season in what it regards as satisfactory levels of butter stocks.

It believes the international market will accept higher prices for dairy products if the EEC reduces the subsidies it now offers. It is also convinced that there would be no adverse effect on sales of dairy products from the SEC or other producers.

Four years ago Japan was paying almost US$2,000 a tonne for cheese — this season it can buy for $1,000 a tonne.

Mr Graham believes there is no reason cheese prices in Japan could not return to their level of four years ago if free market forces were allowed to operate.

He recently told a dairy farmers conference: "With the exception of butter, our perception of the market has changed. When production is down 15 per cent, higher world prices are needed for other dairy products. When production is down 15 per cent, dairy farmers can not be satisfied with existing prices."

Any reduction in EEC export subsidies—and a consequent world price rise—would certainly provide much needed financial relief for New Zealand's 15,000 dairy farmers. Their income payments from the dairy board are down 20 per cent this season, while they face an 18.5 per cent inflation rate. The drop in production because of the drought will put further pressure on their finances.

It is one of the most difficult periods for New Zealand dairy farmers for several years. Many are only surviving by eliminating fertiliser application to their land—something which will quickly reduce production even further in coming seasons—and by cutting maintenance and personal expenditure to a minimum.

The main thrust of the Dairy Board arguments in Brussels will be on two points—that world markets can absorb an essential price rise; and that all dairy producing countries will benefit from a reduction in the EEC export subsidies.

LONDON MARKETS

THIS WEEK'S decline in Metal Exchange aluminium prices accelerated yesterday morning and although the market steadied later in the day the cash price closed £18 down at £848 a tonne. This was the fourth successive daily decline and took the fall on the week so far to £28.50 a tonne, wiping out last week's £23.50 advance. The fall in the three months position was only marginally less abrupt at £12, to £793.50 a tonne. Dealers attributed the initial fall to the absence of Japanese buying inquiry and said the downward momentum was enhanved by speculave liquidation and the triggering of stop-loss selling orders as the three months price moved below £800 a tonne. The market steadied in the afternoon under the influence of renewed speculative buying and short-covering. In contrast the LME lead market made further gains as continued talk of a buoyant US market was encouraged by news that Asarco, the US producer, had raised its list price by 50 cents to 26.50 cents a pound. Upward pressure intensified as prices breached further resistance points, and the cash quotation closed £4.25 hihger on the day at £322.25 a tonne, taking therise on the week to £25.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	847-9	—18	840/856
3 months	793-4	—12	794/785

Official closing (am): Cash 839.5-40 (865-6), three months 788-8.5 (803.5-4), settlement 840 (866). Final Kerb close: 797-8. Turnover: 10,375 tonnes.

COPPER

Grade A	Unoffic'l close £ per tonne	+ or —	High/Low
Cash	917-8	+3	918/915
3 months	877-7.5	—1.25	879/876

Official closing (am): Cash 916-7 (916-7), three months 878-9 (880-1), settlement 917 (917). Final Kerb close: 879-9.5.

Standard			
Cash	865-7	—6	—
3 months	857-60	+0.5	

Official closing (am): Cash 865-8 (873-5), three months 858-60 (862-3), settlement 868 (875). US Producer prices 66.5-69.5 cents a pound. Total Turnover: 18,175 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	322-2.5	+4.25	326/321
3 months	311.1-5	+2..5	315/309

Official closing (am): Cash 325-6 (316-7), three months 313-3.25 (308.5-9), settlement 326 (317). Final Kerb close: 313-3.5. Turnover: 5,525 tonnes. US Spot: 24-26 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2400-5	+31	2410/2395
3 months	2400-3	+20.5	2410/2388

Official closing (am): Cash 2,399-400 (2,370-6), three months 2,394-5 (2,383-5), settlement 2,400 (2,375). Final Kerb close: 2,400-5. Turnover: 872 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	460.5-2	—0.25	459.5
3 months	460-1	+1	462/459

Official closing (am): Cash 459-60 (461.5-1.75), three months 459-9.5 (460-1), settlement 460 (461.75). Final Kerb close: 460-1. Turnover: 2,575 tonnes. US Prime Western: 38.5-44 cents a pound.

TIN

KUALA LUMPUR TIN MARKET—Close: 16.81 (16.85) ringgit per kg. Down 0.4

GOLD

Gold rose $1½ an ounce from Wednesday's close in the London bullion market yesterday to finish at $421¾-422¼. The metal opened at $420¾-421¼ and traded between a high of $422-422½ and a low of $420½-421. Trading was confined to a narrow range as the recent bullish trend, mainly reflecting silver's improvement, tended to run out of steam.

GOLD BULLION (fine ounce)	April 9	
Close	$421¾-422¼	(£260¼-261¼)
Opening	$420¾-421¼	(£259¾-260¼)
M'n'g fix	$421.50	(£260.346)
Aft'n'n fix	$421.00	(£260.246)

GOLD AND PLATINUM COINS		
Am Eagle	$433-438	(£267¾-270¾)
Mapleleaf	$455.58-456.50	(£268-269¾)
K'g'r'nd	$426-429	(£263¼-265¼)
½ Krug	$221-222	(£136½-137¼)
¼ Krug	$112-113	(£69¼-69¾)
Angel	$429-432	(£265¼-267)
1/10 Angel	$43-48	(£26½-29¾)
New Sov.	$100-101	(£61¾-62½)
Old Sov.	$100½-102	(£62-63)
$ 20 Eagle	$510-560	(£315¼-346)
Noble Plat	$576-586	(£357¼-362¼)

SILVER

Silver was fixed 3.4p an ounce lower for spot delivery in the London bullion market yesterday at 410.75p. US cent equivalents of the fixing levels were: 665.25c, down 3.65c; three-months 675.75, down 3.7c; six-month 686.55c, down 4.3c; and 12-month 708.2c, down 3c. The metal opened at 408-410p (661-663c) and closed at 412-414p (666-668c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	410.75p	—3.40	410p	—0.5
3 months	420.65p	—3.45	419.5p	—1.0
6 months	429.75p	—4.10	—	—
12 months	449.00p	—3.25	—	—

LME—Turnover: 2 (2) lots of 10,000 ounces.

Three months high/low 419p, final kerb 422-4p.

INDICES

REUTERS

Apr. 9	Apr. 8	M'th ago	Year ago
1545.9	1546.3	1537.6	1836.4

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Apr. 8	Apr. 7	M'th ago	Year ago
Spot	116.46	116.69	—	128.53
Fut	116.27	116.02	—	126.15

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Apr. 9 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1575/385	—40	$1588/41
Copper			
Cash Grade A	£917.5	+3	£900.5
3 mths	£877.25	—1.25	£892.5
Gold Troy oz	$422	+1.5	$407.25
Lead Cash	£322.25	+4.25	£296.75
3 mths	£311.25	+2.5	£291.25
Nickel			
Free Mkt	175/195c	+2	171/191c
Palladium oz	$129.00	—0.25	$123.00
Platinum oz	$560.50	+5.5	$529.40
Quicksilver†	$205/220		$195/205
Silver troy oz	410.75p	—3.40	347.60p
3 mths	420.65p	—3.45	356.35p
Tin			
free Mkt	£4280/320	—20	£4280/320
Tungsten	$48.37		$47.06
Wolfram 22.05lb	$49/54		$44/48
Zinc	£461.25	—0.25	£454.5
3 mths	£460.5	+1	£451.25
producers	$790		$770/79
OILS			
Coconut (Phil)	$396x	+5	$350
Palm Malayan	$332.5y	+2.5	$325
Seeds			
Copra (Phil)	$275		$240
Soyabean (U.S.)	$155.5w	+1.5	$136.5
GRAINS			
Barley Fut. Sept	£99.75	—0.10	£113.80
Maize	£143.25		£145.00
Wheat Fut. July	£125.00	—0.40	£118.35
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. July	£1315.5	+4	£1308.5
Coffee Ft. July	£1301.5	—1	£1339
Cotton A Ind.*	63.20c	+0.15	62.65c
Gas Oil June	$143.25	—1.5	$150.5
Rubber (kilo)	60p		60.75p
Sugar (raw)	$171x	—2	$204
Wooltops 64s	475p kilo	—10	451p kilo

‡ Unquoted. † Per 76-lb flask. c Cents a pound. † Cotton outlook. z March-April. x April-May. y May. w June-July.

COFFEE

Despite early gains the market could not maintain the higher levels as volume on the upside was comparatively poor, reports Drexel Burnham Lambert. Opening £40 higher against a steady New York close, the market could only find spillover technical buying from Wednesday night. The trade were not prepared to follow the market and dealers soon lost confidence. Prices slowly eroded and never showed any signs of recovering.

COFFEE	Yesterday close	+ or —	Business Done
May	1280-1281	—9.0	1336-1280
July	1301-1302	—1.0	1340-1301
Sept	1321-1325	—4.5	1340-1320
Nov	1350-1355	+8.5	1365-1348
Jan	1378-1388	+13.0	1390-1373
Mar	1390-1408	+18.5	1412-1395
May	1400-1424	+24.5	1437

Sales: 4,543 (4,834) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for April 8: Comp. daily 1979 102.14 (99.70); 15-day average 99.40 (99.18).

COCOA

After a slightly easier morning, futures firmed in the afternoon, reflecting a steadier New York market and reports that the Cocoa Producers' Alliance might limit sales.

	Yesterday's close £ per tonne	+ or —	Business done
May	1285-1288	+4.0	1290-1280
July	1315-1316	+4.0	1320-1306
Sept	1336-1337	+3.0	1338-1332
Dec	1363-1364	+3.0	1365-1358
March	1387-1388	+4.0	1388-1382
May	1407-1408	+2.5	1404
July	1426-1428	+2.5	1425-1420

Sales: 1,328 (2,626) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for April 9: 1,577.71 (1,573.20); 10-day average for April 10: 1,578.77 (1,578.31).

POTATOES

On the penultimate day of trading for April the market was nervous and erratic in view of the large uncovered position. Keen selling was seen at £170.00 as values slipped during the afternoon down to lows at £163.90 before recovering to close £2.30 down on the day. May came under heavy selling pressure during the afternoon and closed near the low of the day. Distant April slipped as profit-taking continued, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Apr	167.00	169.30	170.90-163.90
May	171.00	176.50	178.00-170.90
Nov	95.00	95.00	94.80-92.50
Feb	103.50	106.30	105.90
Apr	132.10	137.30	136.10-132.10

Sales: 1,385 (589) lots of 40 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $171.00 (£105.50), down $2.00 (down £1.50) a tonne for April-May delivery. White sugar $189.00, down $1.50.

No. 6 Contract	Y'sterd'ys close	Previous close	Business done
	19.00 BST $ per tonne		
May	163.4-164.0	159.8-161.0	155.0-151.0
Aug	156.8-157.2	154.8-154.8	157.8-154.8
Oct	161.2-161.8	159.2-159.4	161.8-159.8
Dec	165.0-164.8	161.0-162.4	—
Mar	168.0-170.0	167.0-168.0	169.8-167.8
May	172.2-173.8	170.8-171.2	
Aug	175.2-176.8	175.4-174.4	—

Sales: 2,337 (2,957) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £209.50 (£211.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for April 8: Daily price 6.81 (6.85); 15-day average 6.89 (6.94).

FREIGHT FUTURES

The market opened strongly, quickly making the highs of the day, but levels fell back before the lunchtime close. A further rally was seen in the afternoon before the market was sold down to the lows on the close. US Gulf/Japan for June/July/August shipment was reported in the $13.90-14.25 range, which if confirmed will be the highest rate for this route for mid-Summer, reports Clarkson Wolff.

	Close	High/Low	Prev.
	Dry Cargo		
April	1048/1048	1050	1037.5
July	870/875	905/870	884
Oct.	908	937/908	918.5
Jan.	907/910	930/915	900
Apr.	960	940	950
July	770	—	770
Oct.	930	—	940
Jan.	980/980	—	980
BFI.	1023	—	1023.5

Turnover: 228 (582).

US MARKETS

THE WEAKNESS of the dollar helped steady the precious metals as good trade, commission house and local buying touched off stops to rally prices in the face of intermittent profit-taking, reports Drexel Burnham Lambert. Gold and silver closed near the day's highs, but profit-taking brought platinum back to the middle of the day's range. Copper was, by contrast, quiet with the trade scale-up selling preventing any major advance, though it too rallied late in the session. The steadiness of the metals and the weakness of the dollar were cited as reasons why, despite a bearish tone, crude oil futures did not ease as much as expected. Trade buying was noted. Light origin selling and profit-taking eased coffee futures following Wednesday's technical advance. Cocoa futures steadied on industry and speculative buying despite light hedge selling. Sugar futures were quiet, though light trade buying of the May/July switch was noted. Cotton futures steadied on local buying, the commission houses were noted sellers of the near contracts and buyers of forward contracts. Commission house buy stops rallied orange juice futures.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	Prev	High	Low
May	61.80	61.70	62.00	62.00
June	60.80	60.70	—	—
July	60.30	60.20	60.40	60.10
Sept	58.10	58.00	58.00	58.00
Dec	57.50	57.10	57.40	57.40
Jan	57.50	57.40	—	—
March	57.50	57.40	—	—
May	57.50	57.40	—	—
July	57.50	57.40	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
May	1924	1910	—	—
July	1954	1946	1958	1946
Sept	1978	1970	1980	1971
Dec	2009	1999	2009	2001
March	2036	2026	—	—
May	2056	2046	—	—
July	2075	2066	2075	2075

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
May	106.08	107.65	107.70	105.75
July	107.88	109.60	109.50	107.50
Sept	109.75	111.16	111.25	109.50
Dec	112.55	114.00	114.25	112.30
March	114.13	116.00	116.80	114.75
May	115.51	116.88	116.75	116.50
July	115.75	116.75	118.25	116.50
Sept	115.03	117.25	—	—

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
May	62.40	62.25	62.50	62.20
June	62.30	62.20	—	—
July	62.20	62.10	62.35	61.95
Sept	62.30	62.25	62.40	62.00
Dec	62.55	62.50	62.60	62.30
Jan	62.70	62.65	—	—
March	63.05	63.00	63.10	63.10
May	63.45	63.40	—	—
July	63.85	63.80	—	—
Sept	64.25	64.20	—	—

COTTON 50,000 lbs, cents/lb

	Close	Prev	High	Low
May	57.18	56.45	57.20	56.50
July	56.46	55.66	56.55	55.90
Oct	56.94	56.45	57.04	56.45
Dec	57.23	56.15	57.30	56.45
March	58.23	57.03	58.25	57.40
May	57.81	57.50	—	—
July	58.10	57.90	—	—

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
May	18.58	18.65	18.60	18.44
June	18.23	18.30	18.26	18.10
July	17.97	18.05	18.00	17.85
Aug	17.82	17.90	17.85	17.70
Sept	17.74	17.90	17.74	17.63
Oct	17.70	17.78	17.74	17.65
Dec	17.73	17.78	17.73	17.65
Jan	17.71	17.77	17.71	17.63
Feb	17.70	17.77	—	—

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
May	47.75	48.15	48.00	47.30
June	47.50	47.74	47.70	47.00
July	47.50	47.69	47.60	47.05
Aug	48.00	48.20	48.20	47.50
Sept	48.80	48.85	48.80	48.50
Oct	49.55	49.65	49.55	49.30
Nov	50.35	50.40	50.35	50.35
Dec	50.85	51.15	50.85	50.85

ORANGE JUICE 15,000 lbs, cents/lb

	Close	Prev	High	Low
May	136.15	133.40	136.25	134.10
July	133.45	131.75	133.50	132.00
Sept	128.40	127.80	128.90	127.75
March	126.15	125.85	—	—
May	126.05	125.65	—	—

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
April	422.8	420.2	425.0	421.0
May	424.3	421.8	423.0	423.0
June	426.5	424.1	437.8	424.5
Aug	442.8	426.6	443.0	429.3
Oct	476.2	461.4	471.0	466.0
Dec	462.0	437.6	452.8	438.2
Feb	465.8	442.3	457.0	443.4
April	462.0	446.9	462.0	461.0
June	465.7	451.5	461.0	453.0

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
April	580.0	569.5	585.0	580.5
July	587.0	564.5	589.0	565.0
Oct	591.0	569.0	592.2	571.0
April	599.5	578.5	598.5	583.0
July	569.0	583.5	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
May	666.0	663.5	667.8	664.1
June	689.8	667.2	693.0	672.0
July	692.6	670.8	694.9	672.0
Sept	701.8	578.8	704.0	680.0
Dec	713.2	669.9	715.0	691.0
Jan	717.3	683.9	—	—
March	724.8	701.2	727.0	702.0
May	733.3	708.3	729.0	716.5
July	742.2	718.2	737.0	716.0
Sept	751.1	726.8	747.0	728.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
May	6.87	6.75	6.91	6.73
July	6.97	6.87	7.06	6.90
Sept	7.06	6.96	7.25	7.01
Oct	7.22	7.12	7.26	7.14
Jan	7.50	7.40	7.36	7.35
March	7.62	7.50	7.53	7.53
May	7.76	7.61	—	—
July	7.90	7.76	7.87	7.87

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	Prev	High	Low
April	69.52	69.17	69.65	69.15
June	64.85	64.42	65.00	64.40
Aug	60.87	60.32	60.90	60.40
Oct	60.15	59.90	60.30	59.95
Dec	60.12	59.97	60.20	59.97
Feb	59.62	59.30	59.80	59.45
April	60.50	60.20	60.50	60.17

LIVE HOGS 30,000 lbs, cents/lb

	Close	Prev	High	Low
April	52.55	51.07	52.57	51.50
June	50.95	49.77	51.15	50.10
July	48.82	47.75	49.05	48.00
Aug	45.77	44.67	46.05	44.90
Oct	40.25	39.70	40.50	39.80
Feb	39.27	38.95	39.50	39.00
April	37.30	37.05	37.50	37.25
June	39.65	39.15	39.70	39.00

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	Prev	High	Low
May	164.4	162.0	165.2	162.2
July	167.6	164.4	168.0	164.4
Sept	171.6	169.2	172.8	169.4
Dec	180.4	178.6	181.0	177.4
March	187.8	186.0	188.0	184.6
May	189.2	188.0	190.0	187.2
July	191.0	189.4	191.0	189.0

PORK BELLIES 38,000 lbs, cents/lb

	Close	Prev	High	Low
May	69.17	67.17	69.17	67.55
July	67.90	65.90	67.90	66.50
Aug	64.82	62.82	64.82	63.30
Feb	56.15	55.87	56.85	56.05
March	55.52	55.12	56.70	55.05
May	54.35	54.00	54.35	—

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
May	510.6	505.6	511.4	506.2
July	513.4	507.4	514.4	508.2
Aug	513.6	507.4	514.0	508.4
Sept	510.0	502.0	510.6	504.0
Nov	512.6	504.4	513.0	506.4
Jan	519.4	510.6	518.4	512.2
March	526.0	517.6	526.0	519.8
May	530.0	522.0	530.0	524.4
July	530.4	523.0	531.0	526.0

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
May	149.3	146.9	149.4	146.5
July	149.0	146.9	149.1	146.5
Aug	149.2	146.9	149.5	146.4
Sept	149.0	147.1	149.1	146.6
Oct	149.6	147.6	149.7	148.0
Dec	150.9	148.9	151.0	148.5
Jan	151.2	149.9	151.8	151.0
March	153.5	151.2	153.5	150.7

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
May	16.05	15.72	16.07	15.73
July	16.38	16.05	16.40	16.13
Aug	16.52	16.25	16.55	16.30
Sept	16.70	16.41	16.73	16.48
Oct	16.80	16.52	16.80	16.60
Dec	17.10	16.80	17.15	16.85
Jan	17.10	16.82	17.10	17.10
March	17.35	17.10	17.35	17.17

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
May	289.2	288.4	290.4	287.0
July	270.8	271.6	271.4	270.0
Sept	271.4	272.4	272.4	270.2
Dec	277.2	278.2	278.2	276.4
March	276.6	278.0	278.0	276.4
May	270.4	271.0	270.4	270.0

SPOT PRICES: Chicago loose lard 13.50 (14.50) cents per pound. Handy and Harman silver bullion 671.50 (662.50) cents per troy ounce. New York tin 314-7 (315-7) cents a pound.

FUTURES—Live cattle: Aug 65.00. Sales: 4. Pigs: April 98.90. Sales: 1.

SOYABEAN MEAL

Although prices remained steady volume was light with buyers not wishing to chase prices higher despite a firmer Chicago market. Commercials were again scale-up sellers but in small quantity, reports Muirpace.

	Y'sterd'ys close	+ or —	Business done
	£ per tonne		
June	116.4-117.8	+0.50	—
August	115.5-114.0	+0.45	115.0
October	114.5-115.8	+0.55	114.0
Dec	117.0-117.5	+0.30	116.5
Feb	120.5-121.5	+1.25	—
April	121.5-125.5	+0.50	—

Sales: 60 (146) lots of 20 tonnes.

OIL

Crude prices weakened slightly in thin trade. May WTI opened 10c down Nymex and traded 14c down at 1.30 pm EDT. In the petroleum products market gas oil was stable to slightly weaker. Gasoline and naphtha weakened on improving availability. Fuel oil remained firm on poor prompt availability—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—May		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.90-17.00	—0.05
Brent Blend	17.95-18.00	+0.05
W.T.I. (1pm est)	18.50-18.55	—0.05
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	202-204	—1
Gas Oil	145-146	—0.5
Heavy fuel Oil	106-109	—
Naphtha	169-171	—1

Petroleum Argus estimates.

GAS OIL FUTURES

Month	Yestrdy's close	+ or —	Business Done
	US $ per tonne		
May	144.50	—1.50	145.75-43.75
June	143.25	—1.50	144.75-43.00
July	143.50	—1.50	144.75-43.50
Aug	144.50	—1.25	145.25-44.50
Sep	146.50	—1.50	146.50-45.50

Turnover: 4,606 (4,844) lots of 1000 tonnes.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.07p per kg lw (+0.43). GB—Sheep 271.32p per kg est dcw (+4.96). GB—Pigs 80.71p per kg lw (−0.23).

HEAVY FUEL OIL

Month	Yesterday close	+ or —	Business Done
	US $ per tonne		
May	94.00	—	94.00-92.50
June	90.00	—	90.00

Turnover: 13 (nil) lots of 100 tonnes.

GRAINS

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
	£ per tonne		£ per tonne	
May	121.95	—0.55	113.15	—0.05
July	125.00	—0.40	—	—
Sep	101.15	—0.30	99.75	—0.10
Nov	103.50	—0.25	102.45	—0.10
Jan	106.45	—0.15	104.95	—0.10
Mar	108.90	—0.15	107.40	—0.10
May	111.60	—0.10	109.80	—0.10

Business done—Wheat: May 122.80-1.75, July 125.40-4.70, Sept 101.35-1.15, Nov 103.75-3.50, Jan 106.65-6.45, March 109.10-8.45, May 111.60. Sales: 408 lots of 100 tonnes. Barley: May 113.60-3.15, Sept untraded, Nov 102.60-2.45, Jan 105.05-4.95, March and May untraded. Sales: 12 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 112.60, W. Midlands 114.70, N. West 113.20. The UK monetary coefficient for the week beginning Monday April 13 is expected to be unchanged.

LONDON GRAINS—Wheat: US Dark Northern Spring No 1, 15 per cent: April/May 98.50, June/July 97.75 sellers. US No 2 Soft Red Winter: June 93.50, July 90.50, Aug 92.00. French 11½-12 per cent: April 146.00. English feed, fob: April 122.50-124.00 buyer/sellers, April/June 124.00 seller, Sept 103.00-103.75, Sept/Dec 106.75-107.00 buyer/sellers, Jan/March 111.25 seller. Maize: US No 3 Yellow/French, transhipment East Coast: March 143.25. Barley: English feed, fob: Aug 100.75-101.50 buyer/sellers. Sept 103.00 seller. Oct/Dec 105.50-106.00 buyer/sellers. Jan/March 110.00 sellers.

RUBBER

PHYSICALS — The market opened unchanged, drifted lower throughout the day and closed quiet and easier, reports Lewis and Peat. Closing prices (buyers): Spot. 60.00p (same); May 61.50p (same); June 61.00p (same). Kuala Lumpur, fob prices (Malaysian cents a kilo): RSS No 1 227.5 (228.5); SMR 20 198.0 (194.5).

FUTURES—Index 587, May 585-595, June 585-595, July/Sept 585-595. Sales: Nil.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Disappointment hurts dollar

THE DOLLAR lost ground in currency markets yesterday as traders registered their disappointment after the meeting of G-7 ministers in Washington. The communique issued had nothing new to offer and as a result the dollar's bearish tone tended to gain the ascendency. Reports about the possibility of a cut in West German interest rates were treated with some scepticism and although speculators were a little wary of central bank intervention at the moment, the end of the IMF meeting could see further downward pressure on the US unit.

It closed yesterday at DM 1.8250 down from DM 1.8390 and a record closing low of Y144.70 compared with Y146.55 on Wednesday. Elsewhere it slipped to SFr 1.5145 from SFr 1.53 and FFr 6.0725 from FFr 6.1175. On Bank of England figures, the dollar's exchange rate index fell from 102.2 to 101.6.

STERLING—Trading range against the dollar in 1987 is 1.6185 to 1.4710. March average 1.5926. Exchange rate index 72.2 against 72.4 at the opening and Wednesday's close. The six months ago figure was 67.5.

Sterling finished on a slightly weaker note. Comments by Mr Nigel Lawson, Chancellor of the Exchequer, that some countries may need to cut interest rates in order to maintain currency stability were seen as referring to countries such as West Germany. The prospects of an early cut in UK interest rates were dealt a blow when he added tha the G-7 meeting would not neccessarily mean a change in UK monetary policy.

The pound closed at $1.6180 up from $1.6125 but eased to DM 2.9525 from DM 2.9650 and Y234.0 from Y236.25. Elsewhere it slipped to SFr 2.45 from SFr 2.4675 and FFr 9.8250 from FFr 9.8650.

D-MARK—Trading range against the dollar in 1987 is 1.8395 to 1.7870. March average 1.8355. Exchange rate index 146.3 against 141.8 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was quoted at DM 1.8288 down from DM 1.8348. Reaction to the G-7 meeting was muted, with most dealers finding nothing new in the communique issued. Speculation about a cut in West German interest rates increased, following hints given in speeches by two leading officials. The unchange rate of 3.8 per cent at the latest sale and repurchase tender was not a blow to these hopes since the rate was announced and fixed on Tuesday, before yesterday's speculation took root.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 144.70. March average 151.41. Exchange rate index 229.0 against 215.1 six months ago.

Disappointment pushed the dollar weaker in Tokyo as traders found nothing new in the G-7 communique released in Washington. As a result of this, the dollar's bearish undertone once more encouraged selling. It touched a low of Y144.95 before closing at Y145.40 down from Y146.05 in New York and Y145.65 in Tokyo on Wednesday. The weaker trend came despite further intervention by the Bank of Japan with speculators becoming less wary about the Bank operating in the market because of the absence of any other central banks.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0389	+1.37	+0.84	±1.5344
Danish Krone	7.85212	7.83652	−0.20	−0.73	±1.6404
German D-Mark	2.05853	2.07894	+0.99	+0.46	±1.0981
French Franc	6.90403	6.91749	+0.19	−0.34	±1.3674
Dutch Guilder	2.31943	2.34516	+1.11	+0.58	±1.5012
Irish Punt	0.768411	0.777774	+1.22	+0.69	±1.6684
Italian Lira	1483.58	1481.99	−0.11	−0.11	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Apr 9	Latest	Previous Close
£ Spot	1.6170-1.6180	1.6155-1.6165
1 month	0.48-0.45	0.50-0.48 pm
3 months	1.32-1.27	1.32-1.29 pm
12 months	4.05-3.95	4.05-3.95 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

		Apr. 9	Previous
8.30	am	72.4	72.4
9.00	am	72.4	72.4
10.00	am	72.4	72.4
11.00	am	72.4	72.4
Noon		72.4	72.5
1.00	pm	72.4	72.4
2.00	pm	72.4	72.4
3.00	pm	72.3	72.4
4.00	pm	72.2	72.4

POUND SPOT—FORWARD AGAINST THE POUND

Apr. 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6140-1.6200	1.6175-1.6185	0.48-0.45c pm	3.45	1.33-1.28 pm	3.23
Canada	2.1070-2.1151	2.1080-2.1090	0.52-0.42c pm	2.67	1.43-1.31 pm	2.60
Netherlands	3.32¾-3.34¼	3.32¾-3.33¾	1⅞-1⅝c pm	4.50	3¾-3½ pm	4.35
Belgium	61.14-61.36	61.20-61.30	17-10c pm	2.64	48-39 pm	2.84
Denmark	11.13½-11.17½	11.14½-11.15½	⅛-⅝ ore dis	−0.47	1⅜-1⅞ dis	−0.54
Ireland	1.1035-1.1095	1.1045-1.1055	0.13-0.24 p dis	−2.01	0.36-0.63 dis	−1.79
W. Germany	2.94¼-2.96¼	2.94¾-2.95¾	1⅝-1½pf pm	6.10	4½-4⅜pm	5.84
Portugal	227.51-228.67	227.60-228.55	60-145c dis	−5.39	280-416 dis	−6.11
Spain	206.96-207.54	207.00-207.30	100-125c dis	−6.52	314-357 dis	−6.48
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	2.44½-2.46	2.44½-2.45½	1⅝-1½c pm	6.73	3⅝-3½ pm	6.14

Belgian rate is for convertible francs. Financial franc 61.35-61.45. Six-month forward dollar 2.24-2.19c pm. 12-month 3.97-3.87 pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Apr. 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6140-1.6200	1.6175-1.6185	0.48-0.45c pm	3.45	1.33-1.28 pm	3.23
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc [illegible].

CURRENCY RATES

Apr. 9	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	[illegible]	[illegible]
U.S. Dollar	5.5	1.2818	1.13672
Canadian $	7.15	[illegible]	[illegible]
Austrian Sch.	4	[illegible]	[illegible]
Belgian Franc	8	[illegible]	[illegible]
Danish Krone	7	[illegible]	[illegible]
Deutsche Mark	3.0	[illegible]	[illegible]
Neth. Guilder	4½	[illegible]	[illegible]
French Franc	9½	[illegible]	[illegible]
Italian Lira	11.5	[illegible]	[illegible]
Japanese Yen	2½	[illegible]	[illegible]
Norway Krone	8	[illegible]	[illegible]
Spanish Peseta	—	[illegible]	[illegible]
Swedish Krona	7½	[illegible]	[illegible]
Swiss Franc	3½	[illegible]	[illegible]
Greek Drach.	20½	[illegible]	[illegible]
Irish Punt	—	[illegible]	[illegible]

*CS/SDR rate for April 8: 1.67111

CURRENCY MOVEMENTS

April 9	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.4	−21.4
U.S. Dollar	101.6	−5.9
Canadian Dollar	79.5	−8.7
Austrian Schilling	137.3	+10.1
Belgian Franc	99.9	−4.4
Danish Kroner	92.4	+3.2
Deutsche Mark	146.3	+21.4
Swiss Franc	171.3	+22.3
Guilder	134.3	+14.0
French Franc	71.5	−12.8
Lira	47.8	−17.0
Yen	220.0	+64.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Apr. 9	£	$
Argentina	2.4815-2.4925	1.5360-1.5410
Australia	2.2685-2.2715	1.4030-1.4050
Brazil	36.9275-37.1280	22.8400-22.9540
Finland	7.1990-7.2110	4.4540-4.4560
Greece	215.25-219.10	133.10-135.30
Hong Kong	12.6080-12.6280	7.8025-7.8045
Iran	116.45*	71.40*
Korea (Sth)	1358.40-1370.70	841.00-847.80
Kuwait	0.44120-0.44190	0.27290-0.27310
Luxembourg	61.20-61.30	37.80-37.90
Malaysia	4.0180-4.0280	2.4885-2.4905
Mexico	1833.65-1852.05	1134.00-1145.00
N. Zealand	2.8020-2.8095	1.7315-1.7345
Saudi Ar.	6.0630-6.0680	3.7495-3.7505
Singapore	3.4540-3.4630	2.1380-2.1400
S. Af. (Cm)	3.2830-3.3050	2.0345-2.0385
S. Af. (Fn)	4.9015-5.2315	3.0305-3.1250
Taiwan	55.05-55.35	34.05-34.15
U.A.E.	5.9385-5.9440	3.6725-3.6735

*Selling rate.

EURO-CURRENCY INTEREST RATES

Apr. 9	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschemark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Fin.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $ (Sing.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: Two years 6⅞-7⅛ per cent; three years 7¼-7⅝ per cent; four years 7½-7⅞ per cent; five years 7¾-8 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.618	2.953	234.0	9.825	2.450	3.333	2105.	2.109	61.25
$	0.618	1.	1.825	144.7	6.073	1.515	2.060	1301.	1.303	37.85
DM	0.339	0.548	1.	79.25	3.328	0.830	1.129	713.0	0.714	20.75
YEN	4.274	6.915	12.62	1000.	41.99	10.47	14.24	8996.	9.011	261.8
F Fr.	1.018	1.647	3.005	238.2	10	2.494	3.392	2142.	2.146	62.34
S Fr.	0.408	0.660	1.205	95.51	4.010	1.	1.360	859.2	0.861	25.00
H Fl.	0.300	0.486	0.886	70.22	2.948	0.735	1.	631.7	0.633	18.38
Lira	0.475	0.769	1.403	111.2	4.667	1.164	1.583	1000.	1.002	29.10
C $	0.474	0.767	1.400	111.0	4.660	1.162	1.581	998.3	1.	29.05
B Fr.	1.633	2.642	4.820	382.0	16.04	4.000	5.441	3437.	3.442	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilts and US bonds fall

US TREASURY bonds and long term gilt futures weakened on the London International Financial Futures Exchange yesterday. Sentiment was generally weak, and bond futures were very volatile in Chicago after the Liffe close.

Long gilt futures traded nervously in London, as dealers commented that gilts were concerned about the movement in US bonds, and bonds were reacting to the value of the dollar against the yen on the foreign exchanges.

Fears about the weakness of the dollar, and instability on the foreign exchanges weighed on the market. There was little reaction to reports of Federal Reserve intervention to support the dollar against the yen, with dealers unconvinced this meant a strong commitment by the US to defend the dollar, or that the intervention might not be on behalf of the Bank of Japan.

The communique released after Wednesday's meeting of the Group of Seven was generally regarded as disappointing, and apart from Japan, unlikely to produce heavy central bank intervention to stabilize the foreign exchanges.

June delivery US bonds opened at 97-08, and rose to a peak of 97-12, before falling to 96-13, as the dollar lost ground to the yen. The contract closed at 96-17, compared with 97-16 on Wednesday.

Long term gilts for June delivery opened at 123-28, the day's high, and fell to 123-01 as US bonds declined with the weakening dollar. Short covering towards the close helped the contract recover a little to finish at 123-13, compared with the previous settlement of 124-07.

Comments made by Mr Nigel Lawson, the Chancellor, about the possibility some countries may need to cut interest rates, came just before Liffe's close, and also helped the late recovery.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
112	11.26	11.43	0.00	0.17
114	9.28	9.55	0.02	0.29
116	7.30	8.11	0.06	0.49
118	5.42	6.40	0.16	1.14
120	3.62	5.15	0.36	1.53
122	2.37	4.02	1.11	2.40
124	1.32	3.01	2.06	3.39
126	0.52	2.10	3.26	4.48

Estimated volume total, Calls 1,931 Puts 841
Previous day's open int: Calls 20,877 Puts 11,436

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
92	4.50	5.02	0.16	1.36
94	3.11	3.52	0.41	2.22
96	1.52	2.43	1.18	3.13
98	1.53	1.55	3.19	4.25
100	1.10	1.16	4.40	5.50
102	0.44	0.52	6.10	7.22
104	0.25	0.33	7.55	9.03
106	0.13	0.20	9.43	10.54

Estimated volume total, Calls 10 Puts 71
Previous day's open int: Calls 258 Puts 372

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Apr	Calls—Last May	Puts—Last Apr	Puts—Last May
19250	7.82	9.42	0.72	2.32
19500	5.89	7.76	1.29	3.16
19750	4.24	6.28	2.14	4.18
20000	2.90	5.00	3.30	5.40
20250	1.88	3.91	4.78	6.81
20500	1.15	3.00	6.55	8.40
20750	0.66	2.25	8.56	10.15
21000	0.36	1.66	10.76	12.06

Estimated volume total, Calls 0 Puts 0
Previous day's open int: Calls 0 Puts 0

LIFFE £/$ OPTIONS

£25,000 (cents per £1)

Strike Price	Calls—Last				Puts—Last			
1.30	[illegible]							

LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

Previous day's open int: Calls 76,605 Puts 53,528
Previous day's volume, Calls 3,339 Puts 2,537

LIFFE—EURODOLLAR OPTIONS

$1m points of 100%

LONDON

20-YEAR 12% NOTIONAL GILT

£50,000 32nds of 100%

	Close	High	Low	Prev.
June	123-13	123-28	123-01	124-07
Sept.	123-13	—	—	124-08
Dec.	—	—	—	—

Estimated Volume 21,228 (36,064)
Previous day's open int. 22,833 (21,930)

20% NATIONAL SHORT GILT

£100,000 64ths of 100%

Estimated Volume 0 (0)
Previous day's open int. 0 (0)

THREE-MONTH STERLING

£500,000 points of 100%

US TREASURY BONDS (CBT) 8%

$100,000 32nds of 100%

JAPANESE YEN (IMM)

Y12.5m $ per Y100

DEUTSCHE MARK (IMM)

DM125,000 $ per DM

THREE-MONTH EURODOLLAR (IMM)

$1m points of 100%

U.S. TREASURY BILLS (IMM)

$1m points of 100%

SWISS FRANC (IMM)

SFr 125,000 $ per SFr

STANDARD & POORS 500 INDEX

$500 times index

FT-SE 100 INDEX

£25 per full index point

	Close	High	Low	Prev.
June	199.60	201.70	199.30	200.15
Sept.	201.10	—	—	204.65

THREE-MONTH EURODOLLAR

$1m points of 100%

U.S. TREASURY BONDS 8%

$100,000 32nds of 100%

	Close	High	Low	Prev.
June	96-17	97-12	96-13	97-16
Sept.	95-15	—	—	96-14

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6125	1.6134	1.6050	1.5959	1.5788

IMM—STERLING $ per £

LIFFE—STERLING £25,000 $ per £

MONEY MARKETS

Little change

INTEREST RATES remained little changed on the London money market yesterday, with three-month interbank steady at 9⅞-9⅞ per cent.

Trading was quiet. The market closed before Mr Nigel Lawson, the Chancellor, spoke in Washington on the subject of this week's Group of Seven meeting. He said some countries may need to cut interest rates to maintain exchange rate stability, but added there were no immediate immplications for British monetary policy. Mr Lawson also said G7 countries were concerned that Japan should do more to stimulate domestic demand.

UK clearing bank base lending rate 10 per cent since March 18-19

The Bank of England initially forecast a money market shortage of £400m, but revised this down to £350m in the afternoon, and provided total assistance of £364m.

Before lunch the authorities bought £103m bills outright, by way of £60m bank bills in band 1 at 9⅞ per cent; £8m bank bills in band 2 at 9⅞ per cent; £26m bank bills in band 3 at 9¾ per cent; and £9m bank bills in band 4 at 9⅞ per cent.

In the afternoon another £350m bills were purchased outright, through £80m bank bills in band 1 at 9⅞ per cent; £200m bank bills in band 2 at 9⅞ per cent; and £1m Treasury bills in band 2 at 9⅞ per cent.

In Frankfurt interest rates showed little reaction to hints of another cut in the Bundesbank's discount rate.

Mr Helmut Schlesinger, Bundesbank vice president, said there was no reason for the central bank to change its monetary course. He was reacting to earlier remarks by West German officials.

Mr Claus Koehler, a member of the Bundesbank Board said in a speech that monetary growth resulting from speculative capital inflows required cuts in interest rates.

Mr Dieter Hiss, President of the West Berlin State Central Bank, commented that the discount rate could fall below its lowest point ever of 2.75 per cent, but denied he was making a forecast on interest rates.

Call money eased to 3.70 per cent from 3.80 per cent, but dealers noted the Bundesbank gave no encouragement to hopes of lower rates, at Wednesday's securities repurchase agreement tender, allocating only DM 6.1bn, against an expiring agreement of DM 4.9bn, at an unchanged rate of 3.80 per cent.

In Paris the Bank of France left its money market intervention rate at 7¾ per cent, when providing funds for the domestic money market, through purchases of first category paper. The rate was cut from the 8 per cent set in January on March 9.

FT LONDON INTERBANK FIXING

(11.00 a.m. April 9) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 ⁹⁄₁₆	offer 6 ⁹⁄₁₆	bid 6 ⅝	offer 6 ⅝

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	7¾
Broker loan rate	7½-7¾
Fed. funds	6⅜
Fed funds at intervention	6⅜

Treasury Bills and Bonds	
One month	5.48
Two month	5.52
Three month	5.76
Six month	5.86
One year	6.17
Two year	6.48
Three year	6.92
Four year	7.15
Five year	7.22
Seven year	7.50
10 year	7.71
30 year	7.98

Apr. 9	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.65-3.75	3.75-3.85	3.75-3.85	3.75-3.90	3.80-3.95	5.0
Paris	7⅝-7¾	7⅞-7⅞	7⅞-7⅞	[illegible]	[illegible]	7¾
Zurich	⅞-1⅛	3⅛-3¼	—	[illegible]	[illegible]	—
Amsterdam	5⅛-5¼	5⅛-5¼	—	[illegible]	[illegible]	—
Tokyo	3.53125	3.84375	—	[illegible]	[illegible]	—
Milan	10¼-10⅞	9⅞-10¼	—	[illegible]	[illegible]	—
Brussels	8.25	7⅞-7⅞	—	[illegible]	[illegible]	—
Dublin	12¾-13	12⅞-13¼	12¾-12⅞	[illegible]	[illegible]	—

LONDON MONEY RATES

Apr. 9	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10-3	10-9⅞	10-9⅞	[illegible]	[illegible]	[illegible]
Sterling CDs	—	—	9⅞-9⅞	[illegible]	[illegible]	[illegible]
Local Authority Deposits	9⅞	9⅞	10-9⅞	[illegible]	[illegible]	[illegible]
Local Authority Bonds	—	—	10⅛	[illegible]	[illegible]	[illegible]
Discount M'ket Deposits	10-3	9⅞	9⅞	[illegible]	[illegible]	[illegible]
Company Deposits	10-9½	10½-10	10½-10¼	[illegible]	[illegible]	[illegible]
Finance House Deposits	—	—	10	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	—	—	9⅞	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	—	—	9⅞	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	—	—	10⅛	[illegible]	[illegible]	[illegible]
Dollar CDs	—	—	6.40-6.35	[illegible]	[illegible]	6.70-6.65
SDR Linked Deposits	—	—	6⅛-5⅞	[illegible]	[illegible]	[illegible]
ECU Linked Deposits	—	—	6⅞-6⅞	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month 9⅞ per cent; three-months 9⅞ per cent; Bank Bills (sell): one-month 9⅞ per cent; three months 9½ per cent; Treasury Bills: Average tender rate of discount 9.5195 p.c. ECGD Fixed Finance Scheme IV reference date February 28 to March 31 (inclusive): 10.053 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ per cent from April 1, 1987: Bank Deposit Rates for sums at seven days' notice 5 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 8 per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-12 months 9 per cent; Under £100,000 8 per cent from March 18. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5 per cent.

Company Notice

CHEMICAL NEW YORK CORPORATION

US$250,000,000 floating rate subordinated capital notes due October 1997

In accordance with the provisions of the notes notice is hereby given that for the interest period from April 9th 1987 to July 9th 1987 the notes carry an interest rate of 6⅝ per cent per annum. The interest payable on the relevant interest payment date, July 9th, 1987, against coupon No. 7 will be US$857.55 per US$50,000 note.

AGENT BANK
CHEMICAL BANK

Public Notices

TIME ASSURANCE SOCIETY
Registered Office: Central Gardens
80 Union Street, Oldham, Gtr Manchester

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Society will be held at the Registered Office on Tuesday, 28th April, 1987 at 11.00 am.

AGENDA

1. Apologies for absence.
2. Notice of Meeting.
3. Minutes of the previous Annual General Meeting, held on 30th April 1986 and any Matters Arising therefrom.
4. To receive and adopt the Report of the Committee of Management and the Accounts for the year ended 31st December 1986.
5. To receive and adopt the Report and recommendations contained in the Actuarial Valuation of Funds as at 31st December 1986.
6. To elect Member(s) to the Committee of Management.
7. To re-appoint Auditors.
8. Partial Rule Amendment(s):—
   - (i) Amendment to Rule 4 (iv).
   - (ii) Amendment to Rule 8 — Arrears.
   - (iii) Amendment to Rule 9(i).
   - (iv) Appendix—Adoption of Tables ILCE 1, ILCE 2, PH1 and any variant.
9. To resolve on a consolidation of Rules and all subsequent partial amendments.
10. To consider any other allowable business.

D. R. REES
(Secretary)

Legal Notices

LINREAD PUBLIC LIMITED COMPANY

NOTICE IS HEREBY GIVEN that the Share Transfer Books of the Company will be closed from Wednesday, 29th April to Tuesday, 12th May 1987, both dates inclusive, for the preparation of dividend warrants.

By Order of the Board
K. J. MORRIS
Company Secretary

Art Galleries

MARTYN GREGORY. "Tricorns and Turbans." An exhibition of British portraits of the 18th and 19th Centuries. 6th April-2nd May. 10am-6pm (weekdays) 10am-1pm (Saturdays). (Closed Easter Holiday.) 34 Bury Street, St. James's, London WC1. 01-389 3731.

CHARLES BARTLETT New Watercolours until 2 May at Bohun Gallery, Station Road, Henley, Oxon. Tel 0491-576228.

Personal

SUZIE. Congratulations on your 21st. Love Mum & Dad.

Clubs

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, April 8, 1987. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America Global Trading, London,
New York, Tokyo, San Francisco, Los Angeles, Toronto.
24-hours a day trading capability.
Enquiries: 01-634 4360/5. Dealing 01-236 9861.

ECU=$US1.1337 SDR1=$US1.27865
As of April 8, at 11.00 a.m.

	3 months	6 months
Eurodollar Libor:	6⁹⁄₁₆	6¹¹⁄₁₆
Sibor:	6⁹⁄₁₆	6¹¹⁄₁₆

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	6.2558
Algeria	Dinar	4.63
Andorra	French Franc	6.10
	Spanish Peseta	128.38
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	Austral	1.538
Aruba	Florin	1.79
Australia	Dollar	1.4118
Austria	Schilling	12.879
Azores	Portuguese Escudo	141.70
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Islands	Spanish Peseta	128.38
Bangladesh	Taka	30.80
Barbados	Dollar	2.0113
Belgium	Franc (c)	37.95
	Franc (f)	38.10
Belize	Dollar	2.00
Benin	C.F.A. Franc	305.00
Bermuda	Dollar	1.00
Bhutan	Ngultrum	12.86
Bolivia	Boliviano (o)	1.97
	Boliviano (f)	2.00
Botswana	Pula	1.6846
Brazil	Cruzado (o)	22.747
Brunei	Dollar	2.139
Bulgaria	Lev	0.8715
Burkina Faso	C.F.A. Franc	305.00
Burma	Kyat	6.6543
Burundi	Franc	95.9603
Cameroun Rp.	C.F.A. Franc	305.00
Canada	Dollar	1.3063
Canary Islands	Spanish Peseta	128.38
Cape Verde Islands	Escudo	72.405
Cayman Islands	Dollar	0.835
Central Africa Rep.	C.F.A. Franc	305.00
Chad	C.F.A. Franc	305.00
Chile	Peso (o)	210.80
China	Renminbi Yuan	3.722
Colombia	Peso (o)	231.00
Comoros	C.F.A. Franc	305.00
Congo People's Rep. of	C.F.A. Franc	305.00
Costa Rica	Colon	60.53
Cote d'Ivoire	C.F.A. Franc	305.00
Cuba	Peso	0.7733
Cyprus	Pound*	2.0636
Czechoslovakia	Koruna (o)	5.55
Denmark	Krone	6.9003
Djibouti Rep. of	Franc	177.00
Dominica	E. Caribbean $	2.70
Dominican Republic	Peso	3.20
	Peso (d)	3.18
Ecuador	Sucre (d)	159.65
	Sucre (f)	146.50
Egypt	Pound (o)	0.70
	Pound (b)	1.36
El Salvador	Colon (o)	5.00
	Colon (d)	5.00
Equatorial Guinea	C.F.A. Franc	305.00
Ethiopia	Birr (o)	2.0719
Faeroe Islands	Danish Krone	6.9003
Falkland Islands	Pound*	1.6145
Fiji	Dollar	1.0812
Finland	Markka	4.457
France	Franc	6.10
French C'ty in Africa	C.F.A. Franc	305.00
French Guiana	Franc	6.10
French Pacific Islands	C.F.P. Franc	110.909
Gabon	C.F.A. Franc	305.00
Gambia	Dalasi	7.58
Germany (East)	Ostmark (o)	1.8335
Germany (West)	Deutsche Mark	1.8335
Ghana	Cedi	156.00
Gibraltar	Pound*	1.6145
Greece	Drachma	134.60
Greenland	Danish Krone	6.9003
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	6.10
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, l)	2.78
Guinea Bissau	Peso	170.479
Guinea Republic	Franc	340.00
	Franc (j)	300.00
Guyana	Dollar	10.00
	Dollar (a)	20.00
Haiti	Gourde	5.00
Honduras Republic	Lempira (o)	2.00
Hong Kong	Dollar	7.805
Hungary	Forint	47.657
Iceland	Krona	39.02
India	Rupee	12.86
Indonesia	Rupiah	1644.00
Iran	Rial (o)	72.1857
Iraq	Dinar	0.3109
Irish Republic	Punt*	1.458
Israel	New Shekel	1.604
Italy	Lira	1306.30
Jamaica	Dollar (o)	5.48
Japan	Yen	146.60
Jordan	Dinar	0.337
Kampuchea	Riel	n.a.
Kenya	Shilling (2)	16.1284
Kiribati	Australian Dollar	1.4118
Korea (North)	Won	0.94
Korea (South)	Won	844.30
Kuwait	Dinar	0.2733
Laos P'les D Rep.	Kip	35.00
Lebanon	Pound	115.40
Lesotho	Maloti	2.0367
Liberia	Dollar	1.00
Libya	Dinar	0.3008
Liechtenstein	Swiss Franc	1.5225
Luxembourg	Luxembourg Franc	37.95
Macao	Pataca	8.0392
Madagascar Dm. Rp.	Franc	687.409
Madeira	Portuguese Escudo	141.70
Malawi	Kwacha	2.2722
Malaysia	Ringgit	2.494
Maldive Islands	Rufiyaa	7.00
Mali Republic	C.F.A. Franc	305.00
Malta	Lira*	2.8777
Martinique	Franc	6.10
Mauritania	Ouguiya	74.80
Mauritius	Rupee	12.783
Mexico	Peso (d)	1135.50
	Peso (e)	1133.20
Miquelon	French Franc	6.10
Monaco	French Franc	6.10
Mongolia	Tugrik (o)	3.3555
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	8.37
Mozambique	Metical	202.00
Namibia	S. A. Rand	2.0367
Nauru Islands	Australian Dollar	1.4118
Nepal	Rupee	21.60
Netherlands	Guilder	2.069
Netherlands Antilles	Guilder	1.79
New Zealand	Dollar	1.7406
Nicaragua	Cordoba	900.00
	Cordoba (o)	70.00
	Cordoba (d)	1700.00
Niger Republic	C.F.A. Franc	305.00
Nigeria	Naira (d)	3.738
	Naira (o)	3.4388
Norway	Krone	6.898
Oman Sultanate of	Rial	0.385
Pakistan	Rupee	17.308
Panama	Balboa	1.00
Papua New Guinea	Kina	0.9038
Paraguay	Guarani (o)	240.00
	Guarani (p)	550.00
	Guarani (d)	724.66
Peru	Inti (o) (n) (1)	14.89
	Inti (f)	20.95
	Inti (f) (1)	18.62
Philippines	Peso	20.50
Pitcairn Islands	N.Z. Dollar	1.7406
Poland	Zloty (o)	239.10
Portugal	Escudo	141.70
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion Isle de la	French Franc	6.10
Roumania	Leu (o)	4.08
	Leu (c)	10.08
Rwanda	Franc	80.3271
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.6145
St. Lucia	E. Caribbean $	2.70
St. Pierre	French Franc	6.10
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala	2.136
Samoa (Am)	US $	1.00
San Marino	Italian Lira	1306.30
São Tomé & Princip DR	Dobra	35.389
Saudi Arabia	Riyal	3.751
Senegal	C.F.A. Franc	305.00
Seychelles	Rupee	5.6579
Sierra Leone	Leone	47.00
Singapore	Dollar	2.139
Solomon Islands	Dollar	1.9763
Somali Republic	Shilling (o)	120.20
South Africa	Rand (f)	3.0675
	Rand (c)	2.0367
Spain	Peseta	128.38
Spanish ports in North Africa	Spanish Peseta	128.38
Sri Lanka	Rupee	28.85
Sudan Republic	Pound (o)	2.45
	Pound (k)	2.93
	Pound (f)	4.00
Surinam	Guilder	1.785
Swaziland	Lilangeni	2.0367
Sweden	Krona	6.373
Switzerland	Franc	1.5225
Syria	Pound (o)	3.925
Taiwan	Dollar (o)	34.12
Tanzania	Shilling	57.394
Thailand	Baht	25.73
Togo Republic	C.F.A. Franc	305.00
Tonga Islands	Pa'anga	1.4118
Trinidad & Tobago	Dollar	3.60
Tunisia	Dinar	0.82
Turkey	Lira	786.50
Turks & Caicos Islands	US $	1.00
Tuvalu	Australian Dollar	1.4118
Uganda	Shilling (l)	1382.40
United Arab Emirates	Dirham	3.673
United Kingdom	Pound Sterling*	1.6145
Uruguay	Peso (m)	201.90
USSR	Rouble	0.6385
Vanuatu	Vatu	111.055
Vatican	Lira	1306.30
Venezuela	Bolivar (o)	14.50
	Bolivar (n)	7.50
	Bolivar (d)	23.64
Vietnam	Dong (o)	80.00
Virgin Islands (British)	US $	1.00
Virgin Islands (US)	US $	1.00
Yemen	Rial	9.50
Yemen PDR	Dinar	0.343
Yugoslavia	Dinar	557.30
Zaire Republic	Zaire	94.184
Zambia	Kwacha	17.094
Zimbabwe	Dollar	1.6642

n.a. Not available. (m) Market rate *U.S. dollars per National Currency unit. (a) Parallel Rate. (o) Official rate. (b) Floating Rate. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non essential imports. (i) Floating tourist rate. (j) Public Transaction Rate. (k) Agricultural products. (l) Priority Rate. (n) Essential imports. (p) Exports. (1) Peru, 13 March 87: Inti devalued by approx. 2.1%. (2) Kenya, 31 Mar 87: Shilling devalued against the SDR by approx. 0.55%.

For further information please contact your local branch of the Bank of America.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

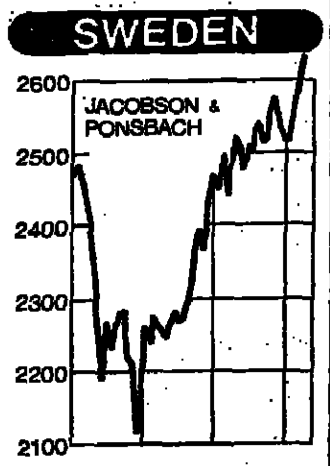
Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY APRIL 9 1987					DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	1987 High	1987 Low	Year ago (approx)
Australia (94)	130.81	+1.6	119.86	122.02	2.85	130.81	99.92	90.77
Austria (16)	93.13	−0.5	85.33	88.31	1.81	101.62	91.97	78.26
Belgium (47)	118.87	+1.5	108.92	111.25	4.19	118.92	96.19	76.75
Canada (131)	134.58	−0.7	123.32	126.98	2.18	136.17	100.00	98.33
Denmark (39)	113.47	+0.7	103.97	106.33	2.36	124.10	98.18	103.27
France (122)	118.40	+1.3	108.49	112.78	2.29	120.79	98.39	81.34
West Germany (90)	94.84	+0.5	86.91	89.99	2.05	100.33	84.00	86.42
Hong Kong (45)	109.69	+1.7	100.51	109.90	3.13	114.71	96.89	70.94
Ireland (14)	120.86	−0.6	110.74	116.36	3.64	131.44	99.50	88.37
Italy (76)	102.94	+1.0	94.33	100.02	1.56	104.69	94.76	77.83
Japan (458)	140.21	+2.4	128.48	128.25	0.50	140.21	100.00	67.18
Malaysia (36)	139.67	+2.9	127.98	133.91	2.89	139.67	98.24	71.24
Mexico (14)	151.04	+5.1	138.39	188.17	1.08	157.12	99.72	54.82
Netherland (38)	117.73	+0.1	107.87	110.69	3.97	118.24	99.65	83.51
New Zealand (27)	96.44	+4.8	88.37	88.74	3.04	100.59	83.93	62.65
Norway (25)	130.83	+1.1	119.88	121.24	1.97	130.83	100.00	99.86
Singapore (27)	121.61	+0.8	111.44	119.88	3.11	122.51	99.29	56.41
South Africa (61)	169.17	+0.3	155.01	113.80	3.52	175.51	100.00	98.94
Spain (43)	109.18	+1.1	100.04	105.91	3.83	121.31	100.00	71.26
Sweden (33)	117.26	+1.0	107.45	110.19	2.08	117.26	90.85	86.36
Switzerland (51)	98.82	+0.9	90.55	92.79	1.81	104.06	93.26	80.16
United Kingdom (342)	128.66	−0.2	117.89	117.89	3.60	133.88	99.65	98.78
USA (598)	120.19	−1.5	110.13	120.19	3.09	124.06	100.00	99.37
Europe (936)	114.37	+0.4	104.80	106.95	2.93	115.20	99.78	88.62
Pacific Basin (687)	138.67	+2.3	127.06	127.26	0.66	138.67	100.00	68.05
Euro—Pacific (1623)	128.98	+1.6	118.18	119.15	1.47	128.98	100.00	76.15
North America (729)	120.95	−1.4	110.83	120.58	3.03	124.60	100.00	99.32
World Ex. US (1829)	129.63	+1.5	118.78	119.45	1.52	129.63	100.00	77.17
World Ex. UK (2085)	125.69	+0.4	115.17	120.10	1.96	125.69	100.00	84.69
World Ex. So. Af. (2366)	125.67	+0.4	115.15	119.90	2.09	125.67	100.00	85.80
World Ex. Japan (1969)	119.16	−0.7	109.19	115.70	3.00	121.08	100.00	94.83
The World Index (2427)	125.95	+0.4	115.41	119.87	2.11	125.95	100.00	85.88

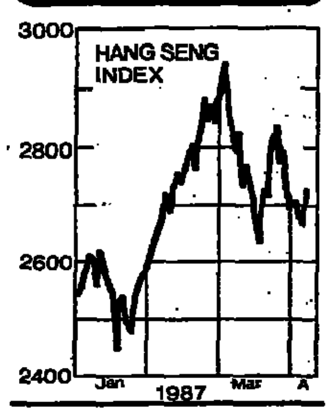
Base values: Dec 31, 1986 = 100

Latest prices not available

SWEDEN



HONG KONG



EUROPEAN OPTIONS EXCHANGE

Series		May 87 Vol.	Last	Aug 87 Vol.	Last	Nov 87 Vol.	Last	Stock
GOLD C	$380	—	—	6	53	—	—	$421.50
GOLD C	$400	9	25	200	38	—	—	"
GOLD C	$420	55	11	22	23.50	—	—	"
GOLD C	$440	64	5	5	14	15	23	"
GOLD C	$460	13	1.60	2	8	5	15	"
GOLD C	$480	5	1	—	—	—	—	"
GOLD P	$400	10	2.50	15	6.30	—	—	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$550	—	—	22	135A	—	—	$664
SILVER C	$600	—	—	—	—	16	100	"
SILVER C	$700	12	19	3	30	5	45A	"
SILVER C	$750	—	—	—	—	25	28	"
SILVER P	$550	—	—	—	—	230	5	"
SILVER P	$700	—	—	—	—	230	55	"
£/Fl C	Fl.330	1	5.50	20	7	—	—	Fl.333.27
£/Fl C	Fl.340	2	2	23	3.40	—	—	"
		Apr 87		May 87		Jun 87		
$/Fl C	Fl.200	50	6.60	—	—	10	7.30	Fl.206.23
$/Fl C	Fl.205	19	2.20	—	—	118	4.80	"
$/Fl C	Fl.210	2	0.30	3	1.10	16	2.50	"
$/Fl C	Fl.215	—	—	3	0.20	—	—	"
$/Fl C	Fl.220	—	—	—	—	26	0.60A	"
$/Fl P	Fl.200	4	0.10	10	1	133	2	"
$/Fl P	Fl.205	13	1.40	29	2.50	10	3.70	"
$/Fl P	Fl.210	2	3.90	175	5.30	175	6.50	"
		Sep 87		Dec 87		Mar 88		
$/Fl C	Fl.200	—	—	10	9.90	—	—	Fl.206.23
$/Fl C	Fl.205	2	6.40	25	7.50	—	—	"
$/Fl C	Fl.210	—	—	5	5.60	3	6.30	"
$/Fl C	Fl.215	7	2.90	—	—	3	5.30	"
$/Fl C	Fl.220	—	—	44	2.80	—	—	"
$/Fl P	Fl.190	13	1.40	—	—	—	—	"
$/Fl P	Fl.200	6	4	—	—	—	—	"
$/Fl P	Fl.205	1	5.70	—	—	—	—	"
		Apr 87		Jul 87		Oct 87		
ABN C	Fl.520	180	14	113	28	4	35A	Fl.530
ABN P	Fl.480	12	0.20	108	5.50	22	10	"
AEGON C	Fl.100	6	0.40A	556	3	39	4.30	Fl.94.90
AEGON P	Fl.95	128	2.20	67	5.70	—	—	"
AHOLD C	Fl.115	38	1	84	3.50	—	—	Fl.111.70
AHOLD P	Fl.110	20	1.20	69	5	—	—	"
AKZO C	Fl.140	526	2	206	5.10	49	8.30	Fl.139.30
AKZO P	Fl.140	71	2.10	146	8.90	2	9.50	"
AMEV C	Fl.70	249	1.40	260	3.50	—	—	Fl.69.90
AMEV P	Fl.70	48	1.40	52	4.20	15	58	"
AMRO C	Fl.80	566	4.50	238	6.40	2	8A	Fl.84.50
AMRO P	Fl.80	85	0.60	52	2.50	4	3.80	"
ELSEVIER C	Fl.270	55	1.50A	69	8.50	20	13.50	Fl.265
ELSEVIER P	Fl.240	11	0.40	39	4.70B	2	7.50	"
GIST-BROC. C	Fl.45	144	0.70	575	2.50	4	3.70	Fl.44.90
GIST-BROC. P	Fl.45	26	1	21	3.30	2	3.50	"
HEINEKEN C	Fl.190	2	0.20	172	3.20	10	4.90	Fl.179
HEINEKEN P	Fl.170	125	0.50	115	4.40	—	—	"
HOOGOVENS C	Fl.40	207	0.20	72	1.20	17	2.60	Fl.35
HOOGOVENS P	Fl.35	86	1.30	372	3.80	43	4.70	"
KLM C	Fl.45	47	0.20	212	1.60	597	2.80	Fl.42.20
KLM P	Fl.45	62	2.90	87	3.90	42	5.40	"
NED. LLOYD C	Fl.180	47	2.20	49	6.30	—	—	Fl.179
NED. LLOYD P	Fl.170	29	1.50	—	—	1	9	"
NAT. NED C	Fl.80	141	0.60B	409	3.50	166	4.50	Fl.77.90
NAT. NED. P	Fl.75	36	0.70	104	3.50A	4	4.50B	"
PHILIPS C	Fl.55	364	0.30	1328	1.80	409	3	Fl.51.40
PHILIPS P	Fl.50	932	0.60	671	1.60	28	2.60	"
ROYAL DUTCH C	Fl.260	850	2	1014	5.10	499	7	Fl.255.20
ROYAL DUTCH P	Fl.250	645	2.80	428	11	49	15	"
ROBECO C	Fl 105	—	—	—	—	35	1.80	Fl.101.30
ROBECO P	Fl.90	11	0.10	—	—	—	—	"
UNILEVER C	Fl.600	377	9	245	22.10	74	30.50	Fl.601.50
UNILEVER P	Fl.580	131	1.90	98	13	9	17	"

TOTAL VOLUME IN CONTRACTS: 41,140

A = Ask B = Bid C = Call P = Put

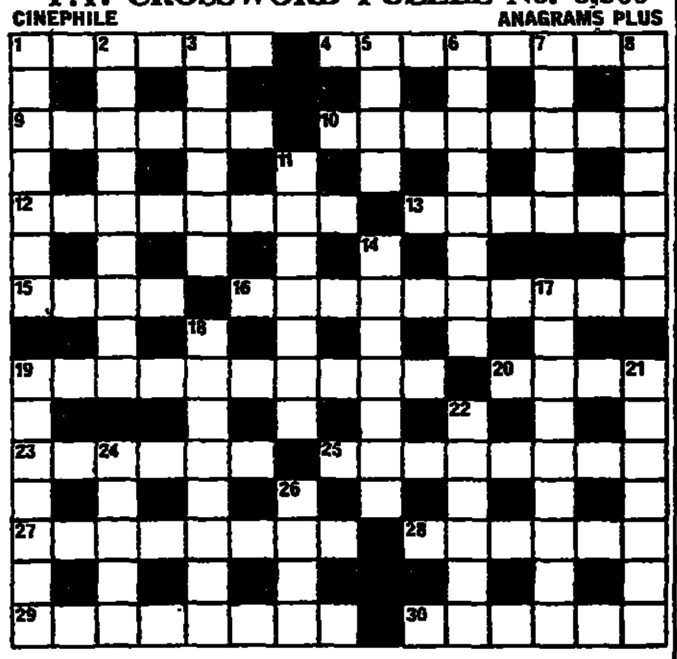
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	● Morgan Grenfell	10
Adam & Company	10	Citibank NA	10	Nat Credit Corp. Ltd.	10
Allied Arab Bk Ltd	10	Citibank Savings	¶12.45	Nat Bk. of Kuwait	10
Allied Dunbar & Co.	10	City Merchants Bank	10	National Girobank	10
Allied Irish Bank	10	Clydesdale Bank	10	Nat Westminster	10
American Exp. Bk.	10	Comm. Bk. N. East	10	Northern Bank Ltd	10
Amro Bank	10	Consolidated Cred	10	† Norwich Gen. Trust	10
Henry Ansbacher	10	★ Co-operative Bank	10	PK Finans. Intl (UK)	10½
ANZ Banking Group	10	Cyprus Popular Bk	10	Provincial Trust Ltd.	11
Associates Cap Corp	11	Duncan Lawrie	10	R. Raphael & Sons	10
Authority & Co Ltd	10½	E. T. Trust	11	Roxburghe G'rantee	10½
Banco de Bilbao	10	Equatorl Tst C'p plc	10	Royal Bk of Scotland	10
Bank Hapoalim	10	Exeter Trust Ltd.	10½	Royal Trust Bank	10
Bank Leumi (UK)	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Credit & Comm	10	First Nat. Fin. Corp	11	Trustee Savings Bnk	10
Bank of Cyprus	10	First Nat. Sec. Ltd	11	UDT Mortgage Exp.	¶12.25
Bank of Ireland	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of India	10	Robert Fraser & Ptrs	11½	United Mizrahi Bank	10
Bank of Scotland	10	Grindlays Bank	‡10	Unity Trust PLC	9½
Banque Belge Ltd	10	● Guinness Mahon	10	Westpac B'nking Corp	10
Barclays Bank	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Benchmark Tst Ltd	10	● Hambro Bank	10	Yorkshire Bank	10
Beneficial Trust Ltd	11	Heritable & Gen. Tst	10		
Berliner Bank AG	10	● Hill Samuel	§10		
Brit. Bk. of Mid. East	10	C. Hoare & Co	10		
● Brown Shipley	10	Hongkong & Shangh'	10		
Business Mortgage Tst	10	Lloyds Bank	10		
CL Bank Nederland	10	Mase Westpac Ltd	10		
Canada Permanent	10	Meghraj & Sons Ltd	10		
Cayzer Ltd	10	Midland Bank	10		

● Members of the Accepting Houses Committee. ★ 7-day deposits 5.35%. Sawewise 8.03%. Top Tier—£2,500+ at 3 months' notice 9.38%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 5¼% gross. ¶ Mortgage base rate. § Demand deposit 5.35%. Mortgage 11.25%.

F.T. CROSSWORD PUZZLE No. 6,300

CINEPHILE — **ANAGRAMS PLUS**



20, 24, 3, 1 down, 25, 17, 1 across—5 down; and 26, 7, 28, 19 down, 6, 2, 1 across—5 down: these solutions form two similar series, as indicated by the title. Their clues may be shorter than usual.

ACROSS

1, 5 down Measures hastened in emporium (5-5)
4 What follows backing of creative activities in Panama? (5, 3)
9 Mythical bird gets round company *with style* (6)
10 Old relations, nearly 3 in gun (8)
12 Enchanting form of road to backward island (8)
13 Why include pub out of the horse's mouth? (6)
15 Where *cash is paid* on finger-tip (4)
16 Sound of busybody and actor producing fruit (6, 4)
19 Removal of gland: port and City take to compiler's (10)
20 Follower of horse (4)
23 Choice of work, one in weight (6)
25 Roman dog three times may get *shot* (8)
27 Publicity for small marsupial in border where it can stand (8)
28 Chair sounds disconcerted (6)
29 X-ray for eggs by New Testament officer (8)
30 Cupboard near junction (6)

DOWN

1 Definite but not specified? (7)
2 Moored hermit? (9)
3 *Divine drink* (6)
5 See 1 across
6 Villain? (4-4)
7 Male president goes fishing (5)
8 Photographic print to colour readers' outside page (7)
11 Wide awake article, about British, in Canada (7)
14 Double sulphate, not Scottish, for old girls (7)
17 *Responses relating to* deeds? (9)
18 Popular person, as it were, to come up in bother (8)
19 This place is a house (7)
21 People in the wrong may suffer it (7)
22 *Cleverness and humour* for prince as well (6)
24 Evidence for horse? (5)
26 Make sharp and not quite honest (4)

Solution to Puzzle No. 6,299

F	I	S	C	A	L		I	C	E	Y	A	C	H	T
R		H		C				A		E		A		H
A	M	O	U	N	T		O	B	S	T	A	C	L	E
B		E		E		D		B		I		H		L
J	U	T	E		M	I	D	A	S		T	E	R	M
O		R		S		S		G		C		T		A
U	N	E	X	P	E	C	T	E	D	L	Y			
S		E		A		O		W		U		H		A
			D	R	A	U	G	H	T	B	O	A	R	D
P		D		E		R		I		S		S		H
E	L	I	A		S	T	A	T	E		S	T	Y	E
T		G		O		E		E		N		I		R
A	N	G	S	T	R	O	M		B	O	N	N	I	E
R		E		T		U				V		G		N
D	O	R	M	O	U	S	E		B	A	S	S	E	T

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

MGM Unit Managers Ltd
MGM House, Heene Rd, Worthing 01-623 8211

High Inc	272.6	289.9	+1.4	5.07
(Accum Units)	337.7	359.2	+1.7	5.07
UK Growth	339.6	361.2	+2.9	2.76
(Accum Units)	361.8	384.8	+3.0	2.76

MLA Unit Trust Management
1 Seasons Hse Sq, Maidstone ME14 1XX 0622 674751

MLA Gen. Tu.	40.4	42.8	+0.4	1.75
MLA Income Trust	54.7	57.9	+0.7	3.88
MLA Intl.	61.8	65.5	+0.2	0.80
MLA Gilt Unit Tst	24.7	26.1	+0.1	9.96
MLA European Trust	34.6	36.4	+0.3	0.68
MLA American Tst	28.3	29.7	-0.1	0.87
MLA Emerging Mkts. Tst	24.1	25.5	+0.1	0.69

ManuLife Management Ltd
St George's Way, Stevenage 0438 356101

Gilt&Fxd Int.	120.0	124.2		7.01
Growth Units	97.6	103.7		2.59
High Income Unit	137.1	145.7		3.89
High Yielding Gilt Uts	61.1	63.3		8.01
Intl Growth Unit Tst	156.8	166.6		0.32
UK Smaller Cos.	107.3	114.0		1.60
North American	87.4	92.9		0.39
Far East	127.2	135.2		0.02

Mayflower Management Co Ltd
No. 1 London Bridge, London, SE1 9QU 01-578 7000

Income March 30	310.5	330.3		3.38
General March 30	244.2	259.8		1.89
International March 30	153.5	163.3		0.66
Global Inc Fd March 30	49.6	52.8		5.15

Mencap Unit Trust Mngrs Ltd (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

Mencap	169.6	179.4	+0.9	4.08

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	309.8	330.7	+1.0	0.95
Income	224.8	239.5	+0.7	2.64
Worldwide Recovery	168.4	189.8	+0.9	1.61
American Growth	76.8	82.0	-0.7	0.87
Intl Emerging Cos.	93.4	99.8	+0.3	0.71
Far East Growth Fd	98.1	104.6	+0.8	0.76
European Growth Fd	64.1	68.5	+0.2	1.03

Prolific Unit Trust Managers Limited.
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc	60.1	64.0	-0.2	3.72
Prolific C'vert & Gilt	115.8	123.2	+0.6	4.60
Prolific Euro Growth	51.5	54.8	+0.4	2.60
Prolific Extra Inc	115.0	122.8	+0.9	3.59
Prolific Far East	203.6	217.8		—
Prolific High Inc	79.5	85.1	+0.5	3.28
Prolific Intl	147.1	156.5	+1.4	0.29
Prolific N. Amer.	137.8	147.4		—
Prolific Spec. Sits	96.0	102.7	+1.6	0.85
Prolific Technology	144.6	154.6	+2.9	—

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc.	97.1	103.3	-0.1	0.00
Japan Acc.	97.2	103.5	-0.1	0.00
Worldwide Inc.	78.4	83.8		1.08
Worldwide Acc.	79.8	84.5		1.08
European Tst Inc	96.2	101.8	+0.2	0.34
European Tst Acc.	96.8	102.5	+0.2	0.34
North American Inc	67.5	71.5	-0.2	1.19
North American Acc	68.5	72.5	-0.1	1.19
UK Equity Inc.	81.2	86.0	+1.1	1.90
UK Equity Acc	84.8	89.8	+1.1	1.90
UK High Inc Eqty Inc	58.9	62.4	+0.1	4.89
UK High Inc Eqty Acc.	60.1	63.6	+0.1	4.89
Hong Kong Trust	46.1	48.8	+1.0	0.36
Swiss Equities Trust	45.7	48.4		1.89

[illegible]

INSURANCES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

M & G Group—Contd.
Pension Funds

American (Cap)	330.0	346.6	-0.2	—
American (Acc)	458.8	482.9	-0.3	—
Building Soc (Cap)	93.0	98.4	....	—
Building Soc (Acc)	130.4	137.0		—
Deposit (Cap)	154.0	161.8	+0.1	—
Deposit (Acc)	214.1	224.9	+0.1	—
European (Cap)	139.1	146.1	-1.3	—
European (Acc)	193.0	203.1	-1.7	—
Equity (Cap)	389.9	409.5	-1.7	—
Equity (Acc)	541.7	569.1	-2.2	—
Gilt (Cap)	245.0	257.4	+0.6	—
Gilt (Acc)	340.7	357.8	+0.7	—
Gold (Cap)	109.1	114.7	+1.1	—
Gold (Acc)	151.8	159.4	+1.4	—
Index-Linked (Cap)	96.0	100.9	-0.2	—
Index-Lnkd Gilt (Acc)	133.4	140.2	-0.3	—
International (Cap)	109.7	115.3	+0.2	—
International (Acc)	152.6	160.3	+0.4	—
Intl Inc (Cap)	104.9	110.3	+0.3	—
Intl Inc (Acc)	145.9	153.3	+0.5	—
Japan (Cap)	139.1	146.1	+1.4	—
Japan (Acc)	193.4	203.2	+2.1	—
Managed (Cap)	307.0	322.4	.....	—
Managed (Acc)	426.8	448.3	+0.1	—
PPP Fund (Cap)	292.9	307.7	+0.4	—
PPP Fund (Acc)	407.2	427.7	+0.4	—
Pacific (Cap)	260.5	273.6	+4.0	—
Pacific (Acc)	362.2	380.4	+5.6	—
Property (Cap)	132.2	138.9	----	—
Property (Acc)	183.8	193.1	----	—
Recovery (Cap)	188.2	197.7	-0.9	—
Recovery (Acc)	261.6	274.8	-1.3	—
UK Income (Cap)	108.3	113.8	....	—
UK Income (Acc)	150.6	158.2	+0.1	—
Personal Pension (Acc)		1632.3	+1.6	—

MGM Assurance
MGM House, Heene Rd, Worthing 0903 204631

UK Equity	213.8	225.1	+1.2	—
Do. Accum	238.6	251.2	+1.4	—
Special Situations	193.1	203.3	+2.1	—
Do. Accum	215.5	226.9	+2.4	—
North American	186.2	196.0	+0.5	—
Do. Accum	207.8	218.8	+0.6	—
Pacific Basin	313.0	329.5	+1.0	—
Do. Accum	349.4	367.8	+1.1	—
Fixed Interest	214.2	225.5	+0.2	—
Do. Accum	239.1	251.7	+0.3	—
Property	117.1	123.3	----	—
Do. Accum	130.8	137.7	----	—
Deposit	112.1	118.1	----	—
Do. Accum	125.2	131.8	.....	—
Managed	205.3	216.2	+1.1	—
Do. Accum	231.0	243.2	+1.1	—
Pension Funds				
Pension Equity	227.5	239.5	+1.7	—
Do. Accum	273.8	288.3	+2.0	—
Pens. Spec. Sits.	210.3	221.4	+3.1	—
Do. Accum	253.1	266.5	+3.7	—
Pens. North American	197.0	207.4	+0.8	—
Do. Accum	237.3	249.8	+0.9	—
Pens. Pacific Basin	342.3	360.4	+1.5	—
Do. Accum	412.5	434.3	+1.8	—
Pens. Fixed Int.	224.7	236.6	+0.2	—
Do. Accum	270.8	285.1	+0.3	—
Pens. Property	118.3	124.6	.....	—
Do. Accum	142.4	149.9	.....	—
Pens. Deposit	119.4	125.7	+0.1	—
Do. Accum	141.9	151.3		—
Pens. Managed	223.1	234.9	+1.4	—
Do. Accum	269.4	283.6	+1.5	—

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage 0438 356101

Managed	414.1	435.9	----	—
Property	272.1	286.4	----	—
Equity	482.8	508.2	----	—
Gilt Edged	359.4	378.3	----	—

National Mutual Life
5 Bow Churchyard, London EC4M 9DH 01-236 1566

Managed Fund	188.4	198.4	....	—
Managed Prospect Fund	146.8	154.6	.	—
UK Equity Fd	221.0	232.7	....	—
Fixed Interest	148.2	156.1	...	—
Pacific	186.2	196.1	...	—
North American	116.8	123.0	...	—
Pens. Managed	219.2	230.8	...	—
Pens. UK Equity	259.8	273.5	....	—
Pens. Overseas Equity	297.1	312.8	....	—
Pens. Property	116.9	123.1	....	—
Pens. Fixed Interest	158.1	166.5	....	—
Pens. Index Linked	124.5	131.1	....	—
Pens. Deposit	142.4	149.9	....	—
P.R.P. UK Equity	112.2	118.2	....	—
P.R.P. Overseas Equity	105.1	110.7	....	—
P.R.P. Fixed Interest	106.8	112.5	....	—
P.R.P. Property	96.2	101.3	....	—
P.R.P. Index Linked	111.8	117.7	....	—
P.R.P. Deposit	97.6	102.8	....	—
P.R.P. Managed	109.2	115.0	....	—
P.R.P. With Profits	97.9	103.1	....	—

National Mutual of Australasia
Serpentine Rd, Poole, Dorset 0202 680666

Fixed Interest	131.68	138.60	----	—
Guaranteed Deposit	117.42	123.59	----	—
International	168.45	177.31	----	—
Managed	143.90	151.47	----	—
Property	130.54	137.41	----	—
UK Equities	177.36	186.69	----	—
Pens Fixed Interest	123.63	130.13	----	—
Pens Gtd Deposit	117.85	124.05	----	—
Pens International	183.55	193.20	----	—
Pens Managed	154.30	162.42	----	—
Pens Property	142.99	150.51	----	—
Pens UK Equities	154.77	162.91	----	—

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

Managed	287.1	302.2	+1.2	—
UK Equity	363.5	382.7	+2.9	—
Overseas Eq.	287.9	303.0	+0.9	—
Americas	245.0	257.9	+0.2	—
Far East	325.2	342.4	+2.2	—
Property	133.5	140.6	----	—
Fixed Int.	207.8	218.8	+0.3	—
Indexed Gilt	121.6	128.1	-0.3	—
Deposit	132.1	139.1	----	—
Pension Fund Prices				
Man. Initial	302.0	317.9	+1.2	—
Man Acc.	362.4	381.5	+1.5	—
UK Eq. Initial	366.7	386.1	+3.0	—
UK Eq.	429.6	452.3	+3.6	—
Overseas Eq. Initial	357.3	376.2	+0.7	—
Overseas Eq.	444.6	468.1	+0.9	—
Americas Initial	268.6	282.8	+0.2	—
Americas	319.8	336.7	+0.4	—
Far East Initial	454.4	478.4	+3.3	—
Far East	539.5	567.9	+4.0	—
Prop. Initial	125.7	132.4	----	—
Prop.	149.3	157.2	-0.1	—
Fixed Int. Initial	187.9	197.8	+0.2	—
Fixed Int.	222.7	234.5	+0.2	—
Indexed Gilt Initial	110.9	116.8	-0.2	—
Indexed Gilt	130.1	137.0	-0.2	—
Deposit Initial	132.8	139.8	+0.1	—
Deposit	158.8	167.2	----	—
NPI Pensions Management Ltd				
Managed Fund	880.5	909.1	----	—

Prices March 2. Next dealing May 1.

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 3JS 0603 683986

Providence Capital Life—Contd.

Do. Accum	53.0	56.0	+0.6	—
Broker Fund				
Towerhill Mngd Fd Acc	63.8	67.4	-0.4	—
High Performance	67.4	71.0	+0.1	—
Investment Master		46.7	....	—
Individual Pension Funds				
Equity Acc.	214.8	226.6	+3.8	—
Fixed Interest Acc.	132.1	139.4	-0.4	—
Intl. Acc.	175.7	185.4	-0.3	—
Managed Acc.	171.3	180.5	+0.9	—
Property Acc.	131.0	138.3	-0.2	—
Money Acc.	98.6	104.3	----	—
Special Mrkt Acc.	160.8	169.7	-0.7	—
Japan Acc.	202.5	213.7	+1.5	—
North American Acc.	140.1	147.8	+0.8	—
Pacific Acc.	165.5	174.6	+1.9	—
Technology Acc.	107.9	113.9	....	—
Natural Resources Acc.	138.8	146.5	+0.6	—
Japan Growth Acc.	234.3	247.2	+1.3	—
European Acc.	96.8	102.3	-0.8	—
Residential Prop Acc.	102.7	108.4	..	—
Swiss Equities Acc.	45.8	48.4	-0.1	—
Hong Kong Acc.	47.4	50.1	+0.7	—
UK High Inc Equ Acc.	54.0	57.0	+0.9	—
Broker Fund				
Towerhill Mngd Pen Acc	69.2	72.9	-0.7	—
Group Pension Funds				
Equity Acc.	633.6	653.2	-4.1	—
Fixed Interest Acc.	391.2	403.3	-1.0	—
Managed Acc.	703.4	724.4	-0.4	—

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2FZ 0256 470707

Unit Fund	895.2	852.6	-2.0	—
Equity Fund	207.2	197.3	-0.9	—
International Fd.	144.7	137.8	+0.1	—
Fixed Interest Fd	151.2	144.0	+0.1	—
Property Fund	153.6	146.3	....	—
Index-Linked Fund	130.0	123.8	+0.4	—
Deposit Fund	125.7	119.7	----	—
Pens. Mixed (Grd) Fd.	198.2	188.8	-0.7	—

Provident Mutual Life Assc. Assn.
Wilbury Rd, Hitchin, Herts SG4 0LP 0438 739000

Royal Heritage Life Assur.—Contd.
TSB Funds

American	99.2	104.5	-0.9	—
European	107.7	113.4	-0.3	—
Extra Income	122.8	129.3	-0.5	—
General	102.6	108.1	-0.6	—
Gilt & Fixed Interest	94.2	99.2	-0.3	—
Income	113.5	119.5	-0.2	—
Pacific	127.2	133.9	....	—
International	112.6	118.6	+0.1	—
Natural Resources	142.7	150.3	....	—
Selected Opportunities	115.8	121.9	-0.1	—
Managed	109.2	115.0	-0.4	—
Broker Managed				
Monitored Inv Port	157.6	165.9	+0.6	
UFC Stockbroker Fund	121.4	127.8	----	—
BTL Portfolio	140.2	147.6	----	—
Allied Manhattan	131.6	138.6	----	—
Gardener IMP	137.1	144.4	----	—
Aquarius Inv PF	145.8	153.5	-0.5	—
James Baker	191.9	202.1	+0.3	—
Charles Stanley	323.2	340.3	-0.2	—
Beckdown	158.6	167.0	....	—
Shiah Mng. CGF	133.2	140.3	....	—
Shiah Mng. HIF	144.3	151.9	----	—
Abbn Growth	156.0	164.3	----	—
Do. Inc.	146.4	154.2	----	—
Ascot Mngd Fund	137.8	145.1	-0.4	—
Ascot Inc Portfolio	128.9	135.7	-1.2	—
Moulding Universal Mng.	112.9	118.9	-0.2	—
Mexus Inc & Gwth Fd	121.1	127.5	....	—
H&B Mngd Portfolio	208.5	219.5	....	—
NIC Mngd Bond	138.4	145.7	....	—
South Yorks Mngd.	137.0	144.3	----	—
City Capital Bond	145.4	153.1	----	—
Birchwood	139.5	146.9	----	—
Slade Investments	113.4	119.4	----	—
Flex. Inv. Planning	140.6	148.0	----	—
Pilling Trippier	83.3	87.7	-0.9	—
David Aaron Mngd Bd	157.7	166.0	----	—
Invest. Mktg. Services	127.3	134.1	----	—
P.W. Intl. Portfolio	162.9	171.5	----	—
Hardwick Inv. Mngt.	121.5	127.9	-1.1	—
The Ivy Grwth Fd	106.7	112.4	----	—
Baltic Prem Portfolio	100.2	105.5	----	—
Chiltond	97.9	103.1	----	—
Sterling Cap Grwth	112.9	118.9	----	—
Analysis International	136.9	144.2	----	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

FOREIGN BONDS & RAILS—Contd

1987 High	Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
45	42	Greek 7pc Ass.	42	...	3.50	8.33
45	44	Do 6pc 28 Stb. Ass.	44	...	3	6.82
47	42	Do 4pc Mixed Ass.	47	...	2	4.26
65	58	Hung. '24 Ass.	58	-2	2.75	4.74
145¼	122¾	Hydro Quebec 15pc 2011	141	-¼	15.00	10.34
92½	84	Iceland 6½pc '83-88	92½	...	6.50	11.80
133¾	113¾	Do. 14½pc Ln. 2016	130¼	-½	14.50	11.00
102½	94½	Ireland 9¾pc '91-96	102¼	+¼	9.75	9.50
98½	87	Japan 6% '83-88	98½	...	—	—

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30¾	23	Sara Lee $1	29¼xd	+⅛	$2.00	—	4.4
11	10½	Saul (B. F.) $1	10½xd	+⅛	20c	—	1.2
79	72	Southwestern Bell $1	69⅝xd	–1¼	$6.96	—	6.5
17⅝	15¼	Staley Continental	17	–¼	80c	—	3.1
44	36⅞	Sun Co. Inc. $1	43⅝xd	–⅛	$3.00	—	4.5
74	57⅝	TRW Inc. $1¼	66xd	+	$3.20	—	3.1
31	25⅞	Tenneco $5	29⅝	+	$3.04	—	6.7
184½	149½	Do. 10pcLn.Stk. 91-5	180½xd	.....	10%	—	5.6
26¼	21	Texaco $6.25	20⅞xd	+⅛	$3.00	—	9.3
57	47⅝	Time Inc. $1	56⅛	+	$1.00	—	1.2
14½	11½	Tracor $0.33	12⅞	....	36c	—	1.8
24⅝	20⅝	Transamerica $1	21xd	+	$1.76	—	5.4
11	967p	Transworld Corp $5	10⅝	....	20c	—	1.2
41½	29⅛	Trinova Corp.	40⅞	–½	$1.40	—	2.2
17⅝	15	♥USX $1	17⅜	–½	$1.20	—	4.4
18⅝	15	Union Carbide $1	18¼	–⅛	$1.50	—	5.3
35	30¼	Utd. Technologies	30¾	–	$1.40	—	3.0
38⅝	33⅝	US West	33⅝	–¼	$3.28	—	6.3
33	26	♥Woolworth $3½	32	+½	$1.12	—	2.2

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
22½p	21p	♥Abbot Energy Corp.	21½p	.....	—	—	—
21	10⅛	♥Amer. Barrick Res.	20	...	—	—	—
83p	36p	Armeno	75½p	+2	—	—	—
19⅛	15¼	Bk. Montreal ‖	16	...	$2.00	—	6.0
10½	878p	Bk. Nova Scot. ‖	870p	–13	72c	—	4.0
20⅝	18	BCE ‖	20⅛	–⅛	$2.40	—	5.7
960p	712p	♥Bow Valley ‖	888p	+5	10c	—	0.5
19¼	12⅝	♥Brascan ‖	17⅞	+⅛	88c	—	2.4
496p	277p	♥Breakwater Res.	496p	+22	—	—	—

BANKS, HP & LEASING

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BUILDING, TIMBER, ROADS—Cont

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حكمة من الأدب

LONDON SHARE SERVICE

INSURANCES—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

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[illegible]

Garages and Distributors

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[illegible]

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[illegible]

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[illegible]

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Finance, Land, etc

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OIL AND GAS—Continued

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[illegible]

PLANTATIONS

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[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1987 High	1987 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
475	180	Abelscot Group 10p	390	.....	3.2	—	1.2	—
35	31	Aberdeen Am Pet 10p	31	.....	—	—	—	—
123	110	Allied Ins. Brokers	110	.....	L3.5	2.5	4.5	12.8
60	45	Catalyst Comm. 5p	60	.....	—	—	—	—
65	47	Corton Beach 10p	65	.....	—	—	—	32.3
190	102	Edenspring Investment	185	.....	—	—	—	—
63	31	Eglinton Oil 1r.5p	42	.....	—	—	—	—
41	17	Do. Warrants	26	.....	—	—	—	—
29	17	Publishing Hldgs.5p	29	+2	—	—	—	16.8
58	45½	Theme Holdings	53	−2	1.0	♦	2.7	♦
138	115	Wing Group	115	.....	R4.6	2.5	5.6	(8.2)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	73	.....	Fin. 13% 97/02	£110¼	+¼
Craig & Rose £1	£15¼	.....	Arnotts	360	.....
Finlay Pkg. 5p	71	.....	CPI Hldgs.	57	.....
Holt (Jos) 25p	410	+2	Carrol Inds.	123	.....
IoM Stm. £1	96	.....	Dublin Gas	5	.....
			Hall (R. & H.)	194xd	−5
IRISH			Heiton Hldgs.	30	.....
Fund 11¼% 1988	£99¾	+⅛	Irish Ropes	174½	.....
Nat. 9¾% 84/89	£95⅞	+⅛	Unidare	400	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	35	NEI	8
Amstrad	16	Nat West Bk	55
BAT	47	P & O Dfd	55
BOC Grp	42	Plessey	20
BSR	12	Polly Peck	20
BTR	30	Racal Elect	20
Babcock	19	RHM	30
Barclays	47	Rank Org Ord	55
Beecham	48	Reed Intnl	42
Blue Circle	62	STC	28
Boots	25	Sears	12
Bowaters	37	TI	55
Brit Aerospace	58	TSB	8
Brit. Telecom	20	Tesco	42
Burton Ord	23	Thorn EMI	50
Cadburys	22	Trust Houses	20
Charter Cons.	30	Turner Newall	24
Comm Union	29	Unilever	150
Courtaulds	35	Vickers	55
FNFC	20	Wellcome	50
Gen Accident	80	**Property**	
GEC	18	Brit Land	37
Glaxo	110	Land Securities	30
Grand Met	48	MEPC	32
GUS 'A'	100	Peachey	30
Guardian	85	**Oils**	
GKN	30	BOM	3½
Hanson Tst.	15	Brit Petroleum	60
Hawker Sidd	50	Burmah Oil	38
ICI	80	Charterhall	4
Jaguar	52	Premier	4
Ladbroke	40	Shell	75
Legal & Gen	25	Tricentrol	11
Lex Service	35	Ultramar	17
Lloyds Bank	48	**Mines**	
Lucas Inds	55	Cons Gold	65
Marks & Spencer	18	Lonrho	24
Midland Bk	55	Rio T Zinc	65
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Mar 23	Apr 2	Apr 3	Apr 13
Apr 6	Apr 23	Apr 24	May 5
Apr 27	May 7	May 18	May 28

* New time dealings may take place from 9.00 am two business days earlier.

US selling of oil shares undermines equities and Gilt-edged securities decline

The UK securities markets suffered a bout of nervous selling yesterday afternoon when weakness in the yen/dollar rate cast a shadow over progress at the Washington meetings of the finance ministers of the leading industrial nations.

Equities were badly hit when Wall Street opened with a spate of selling of the major oil stocks. The London market, showing a 17 point gain on the FT-SE index at 2.30 pm, turned sharply downwards in late trading. Government bonds, inactive for much of the session, flinched away from the yen/dollar rate to close lower, unimpressed by the US Chancellor's suggestion that there may be a need for lower rates in some countries.

By the close, the FT-SE 100 index had lost 13.9 to 1962.8; and the FT ordinary 12.4 to 1546.2.

The market opened firmly, supported by Wall Street's better performance overnight but was quickly overwhelmed by the sudden dip in New York as the new session opened.

Oil stocks in London were quickly hit by US selling orders, said to reflect the increase in US crude and petroleum stocks disclosed by the American Petroleum Institute.

The selling also reflected London bearishness towards British Petroleum's plans to buy up Standard Oil—the City believes BP will be forced to increase its offer.

Also under pressure was Shell, as analysts recommended switching into Royal Dutch shares.

Outside the Oil sector, selling pressure was not heavy but widespread falls in leading stocks indicated the abrupt withdrawal of buyers.

Beecham managed a small rally as a tug-of-war developed between a London broker, which recommends the stock, and the major US house which has marked them for a sell.

Glaxo, with trading results due next week, edged higher for most of the session, and **Fisons** came in for support.

The Gilt-edged market traded very quietly around its previous closing levels until the yen/dollar rate dipped, briefly, through the 145 mark which has been the focus of market attention. This brought a sharp mark-down in Treasury bonds, on the back of a dip in the Liffe Gilt futures contract.

Turnover in Gilts was modest, but by the close, losses ranged to ⅜ or so. Traders commented that the market is very nervous over the continuing threat of a global trade war.

Life Insurances were stimulated by details of the Government's new pension plans contained in the Finance Bill. News that the minimum age for receiving pensions is to be reduced to 50 and people older than 50 will be able to use a much larger proportion of their salary to top up their pension schemes induced good demand for most stocks in the sector. **Legal and General** were notable for a rise of 10½ at 282½p and **Prudential** put on 11 at 840p, while **Abbey Life**, also currently the subject of a Messel "buy" recommendation, added a penny at 259p, after 264p. **Equity and Law**, in which Mr Ron Brierley's IEP Securities holds a 26 per cent stake, gained 4 at 344p, while **Sun Life** hardened a fraction to £11. Elsewhere, Lloyds broker **Minet**, at 272p, lost 10 of the previous day's rise of 19 on disappointment with the Lloyd's of London's offer of £103m to members of the PCW syndicates in respect of the PCW affair. **Sedgwick** cheapened 7 to 368p. Composites were featured by a rise of 58 to 633p in **London United Investments** following buying ahead of the preliminary results scheduled for later this month.

Standard Chartered remained the main topic of conversation in the banking sector, rising 10 to 839p amid rumours, emanating from the Far-east, that Hong Kong businessman Sr Y. K. Pao had acquired Mr Tan Sri Khoo Teck Puat's 6.3 per cent stake in Standards' thus increasing his shareholding to well over 21 per cent. Earlier this week, Mr Robert Holmes à Court's Bell Group successfully increased its own stake in the bank to 14.9 per cent, paying prices of up to 493p on a combination of old and new stories. The old being that Mr Larry Adler of FAI Insurances had sold his near-15 per cent stake in the merchant bank and by a new twist that another antipodean investor had built up a 3 per cent stake in HS. Elsewhere, **Midland** were a nervous market and 8 lower at 594p.

The two market newcomers made successful debuts. Packaging group **Cundell** settled at 151p compared with a placing price of 132p, while fashionwear designers **Honeysuckle** traded at 128p against the placing price of 112p. **British Airways**, boosted by traded option activity, touched 138½p initially before easing back to close 2 dearer on balance at 134p.

Stories that Canadian John Labatt was ready to strike at a regional brewery gave a little colour to a generally lacklustre sector and **Greene King** advanced 6 to 334p.

Trading statements prompted several noteworthy movements in the Building sector. **George Wimpey** revealed annual profits at the top of market estimates and the price touched 222p at one stage before easing back following an analysts' meeting to close 3 cheaper at 214p. Profit-taking in the wake of the good interim figures clipped 9 from **Raine Industries** at 137p, but an impressive set of preliminary results helped boost **Helical Bar** 70 to 920p. **Rubereid** responded to good annual figures and a proposed two-for-one scrip issue with a rise of 15 at 450p, while **Hewden-Stuart** put on 5 to 92p following details of increased annual profits and a confident statement. **British Dredging** touched 140p in the wake of *Wednesday's trading statement* before falling back on profit-taking to close unchanged at 128p. **Finlan** were boosted by news of a proposed £5m convertible issue and the close was 9 up at 106p.

In the Chemical sector, **Wardle Storeys** continued to respond to the excellent interim results and rose 24 to 489p, a two-day rise of 43p.

Leading retailers closed well below their best levels of the day. **Harris Queensway**, still refelcting vague talk of a possible bid from Gussies despite the latter's recent *denial, put on 2 at 209p*. **Spears** *put* on 1 to 130½p, after 132½p, following the sale of its motor subsidiary to Lex Service Group. Takeover hopes lifted **Ramar Textiles** 4½ to 41½p and buying in a thin market prompted a rise of 21 to 296p in **Jacques Vert**.

Well over 9m **STC** shares changed hands as bid rumours resurfaced and the close was 5 better at 252p. **Cable and Wireless**, depressed recently by the controversy surrounding its unsuccessful entry into the Japanese telecommunications *industry, rallied 3 to 373p* with the help of a Credis Suisse Buckmaster and Moore "buy" recommendation. **Plessey**, however, relinquished 5 to 201p, the latter in the absence of news regarding the widely-rumoured merger of its medical electronics business with Philips. Elsewhere, **Comcap** soared 107 to 622p following surprise details of the agreed bid from **Atlantic Computers**, 48 up at 640p. **Dale**, still reflecting its strong rejections of Sunleigh's bid terms, advanced 13 to 106p, while speculative buying left **IBL** also 13 up 116p and **United Scientific** 11 to the good at 239p. **Wayne Kerr**, on the other hand, *fell 12 to* 75p on acute disappointment with the annual results.

Crown House featured in the Engineering sector, closing 72 higher at 307p on the agreed offer from **Celerell**, the later ended 9 lower on the day at 320p. Renewed investment demand left **Glynwed** 17 to the good at 435p, while **James Neill** were also noteworthy for a fresh rise of 12 at 233p. In complete contrast, **Simon Engineering** *ran into selling following disappointing* preliminary figures and close 20 lower at 328p.

Bright features in the Food sector included **Northern Foods**, finally 8 higher at 296p, after 300p, and **Associated British Foods**, 3 dearer at 345p; the rise in the former's share price was apparently prompted by a badly handled sizeable buying order, while the **AB Foods** price movement was the result of bear closing. **Bejam** attracted good support and touched 171p prior to closing 6 higher at 169p. Elsewhere, **J. E. England** advanced 24 to 128p *reflecting demand in a* restricted market.

Interest in the miscellaneous industrial leaders was selective. A forthcoming analysts' circular on the industrial gases industry was thought to have been behind a sharp improvement in **BOC** which closed below the best with a gain of 15 at 448p. **Beecham**, up 4 at 513p, staged a modest revival after recent weakness on a broker's downgraded profits forecast. **Unilever** were good at £26⅞ up 13/16 on the forthcoming sale of The Stauffer chemicals business which it acquired when it bought Chesebrough Ponds. Elsewhere, **Associated British Ports** revived to close 8 higher at 478p following satisfactory preliminary figures and the absence of the recently mooted rights issue. **Pearson** moved up 18 more to 631p following the loan stock restructuring plans in order to pave the way for future expansion, while **Ashley Industrial Trust**, still reflecting the recent funding arrangements, advanced 11 further to 91p. Comment on the proposed share sub*scription* by J.O. Hambro enlivened further demand for **Sharna Ware** which gained 35 more to 160p. The agreed offer for **Fortronic Technology Holdings** prompted a gain of 20 to 400p in **De La Rue**. **London International** continued to make headway at 308p up 4 while **Wellcome**, recently out of favour, rallied to close 8 higher at 380p. Dealings resumed in **Dem Holdings** at 130p following the bid from Hunter.

In the leisure sector, **Boosey and Hawkes** *firmed 5 to 170p following* news of the reduced annual loss and optimistic statement. Among television issues, **Ulster** attracted support in front of today's halftimer and rose 6 to 158p.

The chairman's forecast of a substantial improvement in this year's results excited the market in **T. Cowie** and the shares jumped 55 to 450p. **Hartwells** were another strong counter at 128p, up 16, while **Evans Halshaw** rose 7 to 207p. *Lex Service*, however, fell 14 to 404p following a placing of 8m shares at 400p per share to *finance the purchase of Sears* retail motor distribution arm for £33.4m. **C. D. Bramall** placed 2.1m shares at 265p to raise funds for a US acquisition; the group simultaneously announced good annual results and closed unaltered at 283p.

Pergamon's sale of 30m shares of **BPCC**, it retains a holding in excess of 51 per cent, upset the market and the close was 18 lower at 313p. Profit-taking brought **Blenheim Exhibitions** back 20 to 255p but **Ault and Wiborg** returned to favour at 250p, up 20. Among Agencies, **Addison Consultancy** reacted 7 to 149p, the increased full-year profits having been discounted.

A favourable Press on **Lamont's** annual figures triggered support which brought a fresh gain in the price of 13 to 283p. On the other hand, the interim figures of **A. Beckman** failed to catch the eye and the shares eased 5 to 138p. More buying of **Stoddard "A"** found stock in short supply and the close was 4 up at 52½; the Ordinary shares were raised 10 to 62p. **R. Smallshaw** moved up 13 late to 98p.

Rothmans International emerged from a lean spell, aided by a "buy" recommendation from Kleinwort Grieveson, and gained 4 to 241p.

British and Commonwealth were flavour of the day among Financial Trusts. Volume increased as buyers were drawn by hopes of further expansion and the shares settled 5 up at 450p, while associate **Caledonian Investment** gained 7 to 368p. An excellent preliminary trading statement lifted **Frost** group to 168p before a close of 8 higher on balance at 161p. **G. T. Management** rose 5 to 228p and **Asset Trust** rallied 3 to 88p, the latter in belated response to *newspaper comment*. **F. & C. Pacific Investment Trust** improved to 264p after the annual results and proposed script issue.

The oil sector, a weak market throughout the day following a hefty initial mark down by a leading market maker, plummeted late in the session when the same firm of dealers gave prices another savage mark down. Other traders in the oils were quick to follow and share prices spiralled downwards before closing a fraction off their lowest levels.

Even **British Gas**, heavily bought up to 96p in the morning, succumbed to the downturn in the sector and the share price dipped to 91p before closing a net ½ up at 91½p, after a turnover of more than 27m shares.

BP, with 9m shares traded, bore the brunt of the late pressure and slumped to 854p at one point prior to ending the session 45 off at 856p.

Burmah were a steady market at 464p immediately following the preliminary results, which were at the top end of forecasts, but subsequently retreated to close 7 cheaper at 457p when the rest of the oil sector lost ground.

Mining markets made further good progress with South Africans, Australians and the UK Financials all attracting strong support.

Rio Tinto-Zinc's *preliminary* figures were better than expected and the shares moved up strongly to close 13 up at a year's high of 864p after a sharply increased turnover of 4.5m shares. **Consolidated Gold Fields** rose 7 to 552p.

The Australian sector again provided the day's outstanding features in the mining market. Big winners in the fashionable gold sector included **Whim Creek**, 35 higher at 550p, and **Poseidon**, 26 firmer at 550p.

Traded Options

Interest in the Traded Options market was largely confined to two stocks. **British Airways** featured, recording 6,229 calls—1,751 in the April 120s' and 1,359 in the April 130s'—, while **British Gas** were also actively traded with 4,186 calls done—1,368 in the April 80s'. Overall, 25,711 calls and 8,163 puts were arranged.

Traditional Options

- First dealings March 30
- Last dealings April 11
- Last declaration July 9
- For Settlement July 20

For rate indications see end of Unit Trust Service

Stocks dealt in for the call included **Cambridge Instruments**, **Oxford Instruments**, **Conroy Petroleum**, **Wiggins**, **Wellman**, **Ryan International**, **Parkdale**, **Wellcome**, **Febel**, **London Securities**, **Ault and Wiborg**, **Feedex**, **Martin Ford**, **A. and M. Hire**, **H. Cory** and **Riley Leisure**. Puts were arranged in **North Kalgurli**, **Polly Peck** and **Phoenix Properties**, while a double option was transacted in **Conroy Petroleum**.

FINANCIAL TIMES STOCK INDICES

	Apr. 9	Apr. 8	Apr. 7	Apr. 6	Apr. 3	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	90.55	90.61	90.76	90.91	89.91	93.20	92.19 (23/3)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.11	96.99	97.35	97.32	97.30	96.87	97.98 (19/3)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,546.2	1,558.6	1,564.5	1,566.0	1,546.4	1,401.5	1,625.2 (24/3)	1,320.2 (2/1)	1,625.2 (24/3/87)	49.4 (26/6/40)
Gold Mines	441.2	436.2	424.9	421.8	415.9	281.8	455.3 (31/3)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.78	3.75	3.74	3.73	3.79	3.83				
Earnings Yld.%(full)	8.60	8.54	8.51	8.45	8.58	9.35				
P/E Ratio (net) (*)	14.37	14.48	14.53	14.57	14.35	13.25				
SEAQ Bargains (5 pm)	38,099	37,453	39,749	54,946	59,197	—				
Equity Turnover (£m)	—	1,335.37	1,308.51	1,275.56	1,365.00	829.84				
Equity Bargains	—	55,103	57,340	69,179	72,831	34,085				
Shares Traded (ml)	—	483.9	500.0	608.3	575.9	340.2				

S.E. ACTIVITY

Indices	April 8	April 7
Gilt Edged Bargains	144.5	145.2
Equity Bargains	357.0	371.5
Equity Value	2,699.1	2,644.8
5-Day Average		
Gilt Edged Bargains	172.5	172.7
Equity Bargains	415.2	426.8
Equity Value	2,712.8	2,706.8

♥ Opening 1557.1 | 10 a.m. 1562.9 | 11 a.m. 1560.5 | Noon 1564.6 | 1 p.m. 1564.8 | 2 p.m. 1567.0 | 3 p.m. 1565.4 | 4 p.m. 1559.3

Day's High 1570.3. Day's Low 1546.2 Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=13.82.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (157)

AMERICANS (4), CANADIANS (4), BANKS (2), BUILDINGS (6), CHEMICALS (2), STORES (6), ELECTRICALS (8), ENGINEERING (6), FOODS (1), INDUSTRIALS (31), INSURANCE (5), LEISURE (2), MOTORS (1), NEWSPAPERS (2), PAPER (8), PROPERTY (11), Shipping (1), SOUTH AFRICANS (1), TEXTILES (2), TRUSTS (16), OILS (3), PLANTATIONS (1), MINES (36).

NEW LOWS (21)

FOREIGN BONDS (1) Hungary '24 Ass.; AMERICANS (4) Ameritech, FPL Group, Home Group, Southwestern Bell; CANADIANS (2) Bank of Nova Scotia, Henlys Group; BANKS (1) Compagnie Bancaire; BREWERS (1) Eldridge Pope "A"; BUILDINGS (1) Bryant Holdings; INDUSTRIALS (1) Wedgwood; INSURANCE (5) Alex. and Alex. 11pcDb., American General Corporation, Sturge Holdings, Travelers, Willis Faber; TEXTILES (1) Early's of Witney; TRUSTS (3) Ensign Trust, Fledgeling Japan Warrants, Warrior Industries; OILS (1) Lasmo "Ops".

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	1,100	144	—	Jaguar	1,500	581	−2
Allied Lyons	1,300	378	−7	Ladbroke	1,400	422	−6
Amstrad	2,600	180	—	Land Securities	274	392	−6
Argyll	936	345	+3	Legal & Gen.	4,100	282½	+10½
Assoc. Brit. Foods	1,900	406	+1	Lloyds Bank	404	[illegible]	[illegible]
BAT	1,500	516	−9	Lonrho	1,000	[illegible]	[illegible]
BET	1,000	248	+3	MEPC	425	[illegible]	[illegible]
BOC	2,900	448	+15	Marks & Spncr	8,300	[illegible]	[illegible]
BPB Inds	269	653	−2	Midland Bank	192	[illegible]	[illegible]
BPCC	9,600	313	−18	NatWest Bank	1,100	[illegible]	[illegible]
BTR	6,200	300	−1	Pearson	5,500	[illegible]	[illegible]
Barclays	1,700	499	−3	P & O	626	[illegible]	[illegible]
Bass	900	862	−9	Pilkington Bros	393	[illegible]	[illegible]
Beecham	6,000	513	+4	Plessey	5,100	[illegible]	[illegible]
Blue Circle	869	795	−5	Prudential	1,300	[illegible]	[illegible]
Boots	8,900	282	−2	Racal	8,100	[illegible]	[illegible]
Brit. Airways	9,700	134	+2	Rank Org.	415	[illegible]	[illegible]
Brit. Aero	2,500	660	+5	RHM	250	[illegible]	[illegible]
Brit. & Comm.	2,300	450	+5	Reckitt & Col	678	[illegible]	[illegible]
Brit. Gas	26,100	91½	+½	Redland	1,000	[illegible]	[illegible]
Britoil	4,500	250	−7	Reed Intl.	1,200	[illegible]	[illegible]
BP	8,800	856	−45	Reuters	1,100	[illegible]	[illegible]
Brit. Telecom	6,000	249	−2	RMC	111	[illegible]	[illegible]
Bunzl	849	223	—	RTZ	4,500	[illegible]	[illegible]
Burton	5,000	289	−5	Rowntree Mac	1,000	[illegible]	[illegible]
Cable & Wire	10,000	373	+3	Ryl Bnk of Scotland	156	[illegible]	[illegible]
Cadbury Schwps	2,800	235	+1	Royal Insurance	450	[illegible]	[illegible]
Coats Viyella	244	571	+1	STC	9,400	[illegible]	[illegible]
Comm. Union	872	319	−2	Saatchi & Saatchi	1,000	[illegible]	[illegible]
Cons. Gold	649	952	+7	Sainsbury	153	[illegible]	[illegible]
Cookson	2,000	607	+14	Sears	11,000	[illegible]	[illegible]
Courtaulds	753	413	−1	Sedgwick	770	[illegible]	[illegible]
Dee Corpn	3,200	238	+3	Shell Trans	5,100	[illegible]	[illegible]
Dixons Grp	2,00	374	+3	Smith & Nephew	1,700	[illegible]	[illegible]
English China Clays	269	414	−3	Standard Chart	1,700	[illegible]	[illegible]
Fisons	1,210	613	+10	Storehouse	1,300	[illegible]	[illegible]
Gen. Accident	499	949	+7	Sun Alliance	1,400	824	+2
Gen. Elect	11,750	201	−5	TSB	2,300	84	−½
Glaxo	3,500	£15⅞	+⅛	Tarmac	530	490	−4
Globe Investment	1,400	160½	−1½	Tesco	1,600	475	+3
Granada	1,200	330	+1	Thorn EMI	935	629	−7
Grand Met	2,800	475	−1	Trafalgar House	3,100	323	−2
Gus "A"	881	£11⅞	−⅛	T'house Forte	650	226	−3
Guardian R.E.	443	905	+6	Unigate	1,000	366	+1
GKN	726	315	−5	Unilever	622	£26⅞	+13/16
Guinness	3,300	313	−6	United Biscuits	3,000	272	−3
Hanson Trust	3,300	159	−3	Wellcome	6,500	380	+8
Hawker Sidd	233	505	—	Whitbread 'A'	2,100	313	−8
Hillsdown Hlgs	732	265	+3	Woolworth	1,800	795	−2
ICI	1,200	£13½	−⅜				
Imp. Cont. Gas	778	745	−5				

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	17	72	24
Corporations, Dominion and Foreign Bonds	2	31	34
Industrials	569	416	558
Financial and Properties	174	158	252
Oils	28	34	50
Plantations	4	0	10
Mines	87	37	56
Others	76	57	77
Totals	957	805	1,061

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Thursday April 9 1987: Index No., Day's Change %, Est. Earnings Yield% (Max.), Gross Div. Yield% (ACT at 29%), Est. P/E Ratio (Net), xd adj. 1987 to date	Wed April 8 Index No.	Tues April 7 Index No.	Mon April 6 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (207)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (36)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (59)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (188)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Packaging & Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Publishing & Printing (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (37)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 OTHER GROUPS (88)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Agencies (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Conglomerates (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Miscellaneous (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (483)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oil & Gas (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (118)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (47)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (95)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (726)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 SHARE INDEX ‡	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Thurs April 9	Day's change %	Wed April 8	xd adj. today	xd adj. 1987 to date
British Government					
1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Index-Linked					
6 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Over 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS: [illegible]

‡Opening index [illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls July	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
Allied Lyons (*384)	330	55	63	70	1	4	7
	360	25	40	53	1	13	17
	390	6	24	35	12	25	30
	420	1	12	20	40	45	50
Brit. Airways (*137)	100	38	39	43	0½	1	3½
	110	28	29	34	0½	2	6
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Guinness (*315)	260	62	70	—	1	4	—
	280	43	58	63	3	12	13
	300	32	48	53	12	20	27
	330	13	25	38	22	35	37
Ladbroke (*424)	343	85	90	—	1	2	—
	373	55	62	—	1	4	—
	403	28	40	55	9	13	15
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§150	F.P.	15/4	180	160	Admiral Comp'ting 5p	174	......	u2.13	3.6	1.7	22.9
§180	F.P.	15/5	201	190	Airtours10p	194	......	R5.4	2.5	3.9	14.1
§215	F.P.	—	380	272	Barbour Index	365	......	R4.0	3.1	1.5	29.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA | GERMANY | NORWAY | AUSTRALIA (continued) | JAPAN (continued)

BELGIUM/LUXEMBOURG | SPAIN | SWEDEN | HONG KONG

DENMARK | ITALY | SWITZERLAND | JAPAN | SINGAPORE

FINLAND | FRANCE | AUSTRALIA | SOUTH AFRICA

NETHERLANDS

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices.

CANADA

TORONTO
Closing prices April 9

MONTREAL
Closing prices April 9

Indices

NEW YORK

STANDARD AND POORS

N.Y.S.E. ALL COMMON

TORONTO

** Saturday April 4: Japan Nikkei 22,738.7. TSE 1,938.08.

TOKYO – Most Active Stocks
Thursday, April 9, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Nippon Steel	122.44m	389	−15	Nisshin Steel	35.30m	318	−9
Ishikawajima-Harima	89.83m	637	−7	Kawasaki Steel	26.28m	285	−7
Nippon Kokan	58.04m	336	−15	Toray	24.83m	748	−12
Mitsui Eng. & Ship	51.46m	382	−7	Mitsui Toatsu Chem.	23.98m	638	−4
Mitsui & Co.	44.71m	772	unch	Tokyo Gas	20.37m	1,470	−30

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Centurion Eng	5,288,400	21⅝	−½	Beth Stl	1,834,200	11½	−½
Caesars	2,567,000	32¼	+1	ATT	1,461,200	23⅝	−½
Texaco	2,582,500	32⅜	−1⅛	GCA CP	1,238,100	½	unch
United Air	2,326,800	73⅝	+1⅝	Salomon Inc	1,147,900	37½	−⅝
IBM	1,768,400	144⅝	−3⅝	AMR Corp	1,089,500	54⅝	+½

Advances 203 Declines 1,185

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES:			
Atl Comps	640 + 48	England (J)	128 + 24
BOC	448 + 15	Ennex Itl	59 + 8
Comcap	622 + 107	Frost Gr	161 + 8
Cowie (T)	450 + 55	Glynwed Itl	59 + 8
Crown Hse	307 + 72	Hartwells	128 + 16
Dale Elec	106 + 13	Helical Bar	920 + 70
		Hewd Stuart	92 + 5
Lamont Hldgs	283 + 13	Wardle Stor	488 + 23
Legal & Gen	282½ + 10½	Whim Creek	550 + 55
London Utd	640 + 65	**FALLS:**	
Pearson	631 + 18	Add. Consult.	149 − 7
RTZ	864 + 15	Blenh. Exhibs	255 − 20
Ruberoid	450 + 15	BP	856 − 45
Shar. Ware	160 + 35	BPCC	313 − 18
Smallshaw (R)	98 + 13	Minet Hldgs	272 − 10
Unilever	£26⅞ + ⅞	Simon Eng.	328 − 20

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 49

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33⅝	20⅞	AAR s	.50	1.6	22	297	32⅞	31¼	31¾	−1¼
37	21⅛	ADT	.92	2.7	19	337	34⅛	33⅞	34	
41½	23⅝	AFG	.12e	.3	11	357	38½	38	38	−¼
40¼	16¾	AGS			21	72	36⅞	36	36	
14¼	6¾	AMCA				78	8⅞	8⅝	8⅝	−⅛
9⅝	4⅞	AM Intl				4709	7¼	6¾	7	−¼
62⅞	47¼	AMR			12	12022	55¾	54½	55	+¾
27½	25	ANR pf	2.67	10.		1	26½	26½	26½	
25	20⅞	ANR pf	2.12	8.6		1	24⅝	24⅝	24⅝	
12⅞	8	ARX s			13	96	10¾	10¼	10½	
64	28¾	ASA	2a	3.0		3585	u68¼	64¾	67¾	+3¾
19	9¾	AVX		1.6		366	17⅞	17⅝	17⅞	+¼
32¾	26½	AZP	2.72	9.2	10	1992	29⅞	29¼	29½	−¼
67	39¾	AbtLb s	1	1.6	27	x5065	64	61¼	61½	−2⅛
34¾	25	AccoWd	.62	1.8	21	17	33¾	33½	33⅝	
14	9	AcmeC	.40	3.2	23	191	12¾	12¼	12⅝	−⅛
8½	6⅛	AcmeE	.32b	4.1	27	3	7¾	7¾	7¾	−⅛
23⅞	18¾	AdaEx	3.42e	16.		61	21⅞	21½	21¾	
19½	11⅝	AdmM s	.24	1.3	15	102	18⅞	18⅝	18⅝	
21½	12⅛	AdvSys	.62t	2.9	16	66	21¼	20⅞	21⅛	+⅛
31½	12⅞	AMD				4427	20¼	19½	20	−⅛
52⅝	49⅜	AMD pf	3	5.9		905	51	50½	50½	−½
10¾	5¼	Adobe				78	9⅞	9⅞	9⅞	
20½	13¾	Adob pf	1.84	9.2		9	20	19¾	20	
21⅞	16⅝	Adob pf	2.40	11.		27	21¼	21	21	−⅛
18⅝	11½	Advest	.12a	.9	11	288	13¾	13½	13¾	+¼
68¾	53	AetnLf	2.76	4.4	10	7327	63	62⅞	62⅞	−⅞
54	51⅛	AetL pf	2.81e	5.4		25	52	51⅞	51⅞	+⅛
101½	87¼	AetL pfC	4.78e	5.0		30	95½	95½	95½	+⅝
50¾	21⅞	AflPb s	.32	.7	25	62	46½	45⅜	46¼	−½
28¾	18⅞	Ahmns	.88	3.9	7	7587	23⅛	22¼	22½	−⅝
5¾	2⅞	Aileen				192	4¼	4⅛	4½	−¼
[illegible]										

Continued on Page 49

NYSE COMPOSITE CLOSING PRICES

Continued from Page 48

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
35¾	23¾	Petrie	.70	2.2	20	519	31½	30⅞	31⅛	−⅜
21¼	19⅞	PtPar n				331	20⅝	20⅜	20½	
33	24⅛	PetRs	2.57e	7.9		81	32½	31⅞	32½	+¼
20	15⅞	PetRs pf	1.57	9.4		2	16¾	16¾	16¾	−⅛
3	1	Perinv	.20e	15.		20	1⅜	1¼	1⅜	
77	55⅜	Pfizer	1.60	2.5	18	4571	73⅛	71⅝	71¾	−1½
32⅛	16	PhelpD			29	4341	31⅛	30½	30½	−¾
60	48¾	Phelp pr	5	8.9		83	56¾	56⅛	56⅛	−⅜
26	17⅛	PhilaEl	2.20	10.	8	5160	22¼	21	21¼	−⅞
49⅝	38	PhE pf	B4.30	9.1		z600	47	45	47	+2
49	38	PhE pf	C4.40	9.8		z110	44¾	44¾	44¾	+¾
54	40	PhE pf	D4.68	9.6		z100	49	49	49	
106	100½	PhE pf	S9.50	9.3		z730	102¾	102½	102½	
13⅞	11¾	PhE pf	R1.41	11.		22	12⅝	12⅝	12⅝	
13¼	10⅞	PhE pf	P1.33	11.		51	12	11¾	11¾	−⅛
12⅞	10⅝	PhE pf	O1.28	11.		101	11⅝	11½	11⅝	
134¼	109¾	PhE pf	N17.13	15.		z240	111⅛	111	111⅛	+1⅛
124	110	PhE pf	M15.25	13.		z240	113	112⅜	113	+⅝
105	89	PhE pf	L9.52	9.4		z40	101⅜	101⅜	101⅜	−⅝
103	84	PhE pf	K9.50	9.9		z500	96¼	94¼	95¾	−1⅛
86	69	PhE pf	J7.80	9.9		z200	79	79	79	
85	68	PhE pf	I7.75	10.		z100	77½	77½	77½	+1½
19¼	12⅝	PhilSb s	.84	6.2	12	76	15⅞	15¼	15¼	−⅜
92¼	56	PhilMr	3	3.4	14	10068	90	87¼	88¼	−1¼
22	13	Philpl s	.36	1.8	17	117	20⅜	19¾	19¾	−1
17	8¼	PhilPet	.60	3.9	17	8711	16	15⅛	15½	−⅜
24¾	19¼	PhilPt pf	1.87e	7.8		22	24½	24½	24½	
46¾	33⅝	PhilVH	.70	1.5	15	238	u47⅞	46½	47½	+¾
13½	7⅞	Phlcrp n				159	8¼	7⅞	7⅞	−⅜
71	35¾	PiedAv	.32	.5	19	42	66	67¾	67¾	
[illegible]										

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
21	12⅝	Zero	.36	2.0	19	94	18⅛	17⅝	17¾	−⅜
51¾	32¾	Zurnin	1.32	2.6	20	108	51⅞	50¼	50½	−¾
10⅝	8¾	Zweig n	.10e	1.1		788	9⅝	9⅝	9½	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 47

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Dollar, inflation fears prompt anxious decline

WALL STREET

THE WEAKER dollar and rising commodities prices forced Wall Street stock and bond markets to trade nervously lower yesterday, *writes Paul Hannon in New York.*

A minuscule opening gain in leading indices, stemming from overnight support, was wiped out as investors digested the outcome of the Washington conclave of foreign ministers and their reaffirmation to support their earlier accord on the stability of foreign exchange markets.

Brisk trading in the bond market exacerbated early falls with key issues plunging over a full point by midsession.

At the close the Dow Jones industrial average was 32.96 down at 2,339.20.

The prospects of renewed inflation and rising interest rates, stemming from foreign trade and currency market developments, unsettled the stock market and left a broad band of blue chips lower.

Among bellwether issues, IBM accelerated an opening loss to show a fall of $3¾ to $143½ in heavy trading, General Motors lost a further $1 to $83¾, Sears Roebuck dropped $⅞ to $54⅛ and McDonald's retreated $1⅛ to $79⅝.

The corporate reporting season, which is just about to get under way, and the latest batch of retail sales for leading stores groups attracted attention.

Ford slumped $2½ to $86¼ after the motor group had boosted its quarterly dividend 10 cents to 75 cents, a rise already anticipated by the market.

Whirlpool, the leading household appliances group, showed a gain of $½ to $39⅛ in thin volume after releasing first-quarter earnings of 66 cents (compared with 67 cents) a share.

Abbott Laboratories, the health care products group, turned in first-quarter earnings of 62 cents per share (against 52 cents) but retreated $2⅛ to $61½ ex dividend.

Broadly higher March retail sales failed to provide a safety net for some of the leading retailers. Wal-mart, which led the sector with a dramatic 32 per cent increase during the period, fell $⅝ to $57⅛ although more modest turnover gains for Woolworth triggered a $1⅛ drop to $51⅜, and a $2 drop to $62⅝ for K mart.

J. C. Penney, which announced lower sales for the month, extended early losses to record a closing drop of $2⅝ to $99⅜.

Monsanto, the chemicals group, emerged as the most active stock in early trading which took it initially $⅝ higher but later traded unchanged at $84.

Combustion Engineering, the diversified energy and metals group, picked up $⅛ to $33⅞ in reaction to its $200m components contract for two nuclear power plants in Korea.

Upjohn continued to lose ground as it considers legal action for alleged infringement of patents on Minoxidil, a treatment for baldness. The chemical and ethical drugs group plunged $2¼ to $124¼ in moderate volume.

Texaco held steady at first but then slipped $1½ to $32¼ in reaction to overnight news that the embattled oil major had renewed contact with Pennzoil, which is pursuing $10.3bn settlement over claims of interference with a planned Getty Oil merger. Pennzoil slipped $¾ to $87 in thin trading.

Heightened takeover speculation surrounded UAL. The airline to car rental group recouped early gains to close $1¼ up at $73¼.

The bond market turned sharply lower as the dollar plunged against the yen. Reports that the New York Federal Reserve had intervened to bolster the dollar after it had moved below Y145 failed to provide much support to sentiment. The reaffirmation by Washington that it, along with other leading industrial countries, was prepared to seek currency stability failed to impress the market. The key long bond, the 7½ per cent due in 2016, posted an opening loss of a half point which then accelerated to a drop of over 2 full points at $93\frac{19}{32}$ to yield 8.07 per cent, the first time in 12 months that this level been touched.

Federal funds opened at $6\frac{9}{16}$ and moved to 6¼ per cent in late trading.

A brisk rebound was seen in short-term credit rates with three-month Treasury bills 26 basis points higher to yield 5.89 per cent while six-month bills were 13 basis points up to yield 6.05 per cent. One-year bills were quoted at 6.27 per cent, a gain of 16 basis points.

CANADA

HEAVY profit-taking in the oil sector helped pull Toronto share prices lower despite a strong trend among golds.

Imperial Oil Class A was among the worst hit oil stocks, falling C$2⅜ to C$69. Shell Canada lost C$1⅛.

Mining shares also suffered, with Cominco falling C$⅝ to C$18 as it announced the intention to form a new public mineral exploration company. Brenda Mines said it had sold 2.8m shares of Kerr Addison Mines to a group of underwriters and fell C$½ to C$13½ while Kerr Addison lost C$¼ to C$25¼.

Financial services and industrials joined in the slide.

Golds firmed, however, with Campbell Red Lake picking up C$⅛ to C$40⅜, International Corona up C$1½ to C$48 and Breakwater Resources C$1⅛ better at C$12⅛.

Dominion Textile edged a further C$⅛ higher to C$20⅞ following Wednesday's C$1 gain.

Montreal continued to weaken.

London falls nervously

LONDON oil stocks caught a cold as oils were heavily offloaded in New York following news that US crude and petroleum reserves had jumped sharply. Prices were also hurt by bearishness over BP's plans to buy up Standard Oil, with the City believing BP will have to increase its offer price.

Government bonds fell sharply after dull trade in response to the dip in the dollar's rate against the yen. Turnover was modest, and losses hovered around ⅛ of a point. Details, Page 46.

EUROPE

Stockholm hits fourth record

SUPPORTED by a more confident Wall Street overnight performance and a crop of good corporate results, most European bourses sustained recent firmness, with Swedish stocks again closing at a record. West Germany ran against the trend after a spate of foreign selling.

Stockholm hit its fourth successive record high in reduced turnover of SKr 418m from Wednesday's SKr 568m. The Veckans Affarer all-share index moved up 5.8 to 976.8.

Astra was the star performer, shooting up SKr 53 to SKr 695 amid rumours, denied by the company, of a breakthrough in tests of its anti-AIDS drug.

Telecommunications stock Ericsson continued its surge, adding SKr 4 to SKr 276, while other blue chips also advanced, Electrolux by SKr 3 to SKr 322, Saab-Scania by SKr 8 to SKr 725 and Boliden by SKr 10 to SKr 320.

Asea fell SKr 4 to SKr 321 despite news that the Government had rejected environmentalists' calls to review the group's planned Stockholm power plant.

Frankfurt was weighed down by an absence of foreign buying, some caution about the direction of the dollar and the threat of a strike by the country's metalworkers. The Commerzbank index, calculated at mid-session, lost 2.5 to 1,843.7, missing later falls.

Banks fell sharply, Deutsche Bank by DM 15 to DM 671. Dresdner, expected to announce 1986 results today, lost DM 16 to DM 671, and Commerzbank was DM 5.50 off at DM 270.50. Dealers said the sector was hit by widening ripples from the VW foreign exchange scandal. BHF bank's reported 36 per cent profits rise did not prevent its stock from falling DM 11 to DM 437.00.

VW stock slipped DM 1.20 to DM 366.00 as it confirmed an unchanged DM 10 dividend for 1986. Other cars fared poorly, Daimler losing DM 18.50 to DM 1,010 and BMW 50 pfg to DM 531.50.

Zurich rose again in busy trade boosted by overnight firmness on Wall Street.

GLAVERBEL, the Belgian company that is Europe's third-largest manufacturer of float glass, made its debut on the Brussels bourse yesterday with its shares quoted at BFr 2,560 each in early trading compared with an issue price of BFr 1,850.

The offer of 840,000 shares was about 120 times subscribed. The parent company, the Japanese Asahi Glass group, has reduced its shareholding from 73.6 per cent to just over 56 per cent as a result of the offer.

In engineerings, Sulzer certificate stock advanced SFr 50 to SFr 3,325 after announcing a higher profit and dividend for 1986. Buss firmed SFr 25 to SFr 2,275 prior to Monday's announcement of results.

Amsterdam closed off the day's highs and marginally lower as investors stayed sidelined after the recent buying spate.

Internationals fell from the day's highs, KLM down 30 cents to Fl 42.20, Akzo 70 cents to Fl 139.30 and Philips Fl 1.40 to Fl 51.40.

Brussels rose broadly on strong overseas interest. The Brussels SE index closed up 33.72 at 4,533.35.

Holding companies were particularly strong, led by Reserve which rose BFr 90 to BFr 3,610 in heavy trade. GBL consolidated recent strength to add BFr 60 to BFr 3,880.

Metal stock Vieille Montagne recouped much of Wednesday's loss with a BFr 300 jump to BFr 5,800. Metal Hoboken, though, slid BFr 70 to BFr 7,050.

Paris benefited from bargain hunters to rise slightly. Gains outpaced falls by 99 to 65 with 21 unchanged.

Milan edged higher in trade dominated by industrials and selected financials. Fiat continued its recent strength to gain L25 to L12,975.

Madrid was moderately higher in all sectors but utilities. Sevilliana and Fensoa dropped 0.25 points each to 87 and 65 per cent respectively of nominal market value.

Oslo moved ahead in all sectors but banks, with oils and shipping issues making best gains.

SOUTH AFRICA

STRONG DEMAND from overseas, particularly the US, bid up Johannesburg gold shares while industrials rose to another record high.

The all-gold index rose 33 to 2,091 as quality stocks attracted strong buying. A strongly positive report by Merrill Lynch was said to have helped Vaal Reefs put on R7 to R416.00 and Driefontein R2.50 to R76.25. Western Deep kept up momentum with a R3 gain to R206.00.

Mining houses followed gold stocks upwards, with Anglo American 50 cents better at R73.00, Gencor up R1.50 to R61.50 and Gold Fields of South Africa another 75 cents firmer at R65.75.

Quality industrials were also much sought after, with Barlow Rand adding 25 cents to R23.25 and oil-for-coal group Sasol picking up 5 cents to close at R10.90. The sector index firmed by 4 to a record 1,767.

ASIA

Nikkei clings to latest peaks

TOKYO

AFTER A STRONG performance in morning trading, share prices lost some of their upward momentum but managed to close slightly higher at a fresh peak in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

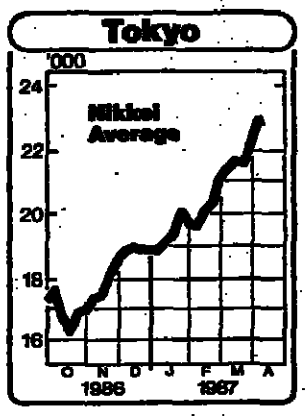
The Nikkei average, which gained 312 at one stage to top the 23,000 level for the first time, closed just 9.21 points higher at a record 22,922.20. Volume decreased to 1.43bn shares from Wednesday's 1.99bn. Losses outpaced gains by 472 to 429, with 112 issues unchanged.

The market started strongly with financial issues, such as banks and brokerage houses, pacing the upswing.

Later, however, the yen's renewed strength against the dollar drove investors to the sidelines and triggered a wave of selling focused on recently selected large-capital stocks and constructions.

Financial issues were at the top of the shopping list. The Long-Term Credit Bank of Japan scored a big gain of Y800 to Y18,400. Fuji Bank soared Y220 to Y3,390, Sumitomo Bank Y210 to Y4,010, Tokio Marine and Fire Insurance Y110 to Y2,410, Mitsubishi Trust and Banking Y130 to Y4,550 and Nomura Securities Y80 to Y5,090.

Financial issues alone performed strongly amid mounting dissatisfaction among market participants that Wednesday's meeting of finance ministers and central bank governors from the major industrial nations in Washington had gone no further than to reconfirm the agreement on currency market stability, reached in Paris in February.



One major securities house official said he was not sure of the reasons for the upward spiral of financial issues, which had been out of favour. Selective buying interest had apparently spread to financials as the popularity of large-capital stocks faded, he said.

Large-capital stocks came under heavy selling pressure in afternoon trading. Nippon Steel, though topping the active list with 122.44m shares changing hands, closed Y15 lower at Y369 after rising to Y389.

Ishikawajima-Harima Heavy Industries and Nippon Kokan finished Y7 and Y15 lower at Y637 and Y336, respectively. Ishikawajima-Harima was the second-busiest issue with 89.03m shares traded and Nippon Kokan third with 56.04m.

AIDS-related stocks were sold, with Green Cross shedding Y150 to Y2,850, Nissin Food Products Y240 to Y5,460, Snow Brand Milk Y70 to Y1,310, Ajinomoto Y120 to Y3,700 and Sumitomo Chemical Y10 to Y855.

Construction issues also fell on a broad front. Taisei Corp and Kajima Corp lost Y40 each to Y1,220 and Y1,850, respectively.

Bond prices turned easy, depressed by reports that the Bank of Japan, concerned about overheated bond trading, intended to put bond transactions by financial institutions under stricter surveillance.

The yield on the benchmark government bond, maturing in June 1996, fell to 3.815 per cent at one stage. Later, the benchmark issue came under small-lot selling pressure and its yield ended at 3.850 per cent.

In over-the-counter trading later, the yield rose further, reaching 3.885 per cent.

AUSTRALIA

LOWER interest rates, together with a firm Australian dollar, helped to boost share prices in Sydney to a fresh peak as the All Ordinaries index climbed 12.5 to 1,771.6.

Busy trading, swelled by a number of block sales, again featured gold stocks despite a slightly easier bullion price. The gold index shot up 73.6 to 3,156.2.

Western Mining Corp was up 30 cents at A$9.00 following news of its five-for-eight bonus issue and its plans for a new gold mine in the Northern Territory.

Among industrials, Elders put on 14 cents to A$5.64 in the wake of its plans to float the Courage public houses.

Turnover value on the Australian Stock Exchange hit a record A$17.11bn in the first quarter from A$7.5bn a year earlier while volume increased to 9.95bn shares

SINGAPORE

OVERSEAS investors, notably from Hong Kong and London, returned to the Singapore market in strength, supporting the bull run and lifting the Straits Times industrial index to a second consecutive record with a gain of 11.88 points to 1,097.28.

Turnover was heavy as investors renewed their faith in the market amid improving economic news and company results.

Second-line issues again attracted most attention, with Tan Chong Motors leading active stocks on 4.4m shares traded; it closed up 4 cents at 63½ cents.

In leading blue chips Genting added 10 cents to S$6.85 and Keppel 2 cents to S$3.02.

HONG KONG

INVESTORS took further courage from the Hong Kong Stock Exchange's decision to bar B shares, buying enthusiastically and pushing the Hang Seng index up a sharp 55.92 points to 2,785.47 for a two-day rise of about 120 points.

Cheung Kong put on 50 cents to HK$44.25 and Hutchison Whampoa HK$1.00 to HK$53.00 while Henderson Land added 20 cents to HK$5.60.

Jardine Matheson, which is making a scrip issue instead of its planned B shares, advanced HK$1.00 to HK$23.90.

LONDON–TOKYO PACT TIES UP INFORMATION EXCHANGE BETWEEN LARGEST SECURITIES MARKETS

Keeping abreast of the financial fraudsters

By Hugo Dixon in London

THE AGREEMENT between Japan and Britain to exchange information in their attempt to stamp out international securities fraud is the latest example of regulators clubbing together to outwit increasingly sophisticated financial crimes.

Similar agreements to that signed on Wednesday were made between the US and Britain last September, and America and Japan last May. There is now therefore a triangle of such deals between the regulators of the world's three largest securities markets.

That Mr Michael Howard, UK Minister for Corporate and Consumer Affairs, was able to sign the most recent of the three at the end of a difficult trip to Japan is not an inconsiderable achievement. Much more, though, needs to be done before a proper framework for international securities regulation is achieved.

The importance of the international dimension is shown by the major financial scandals of the past year. Mr Ivan Boesky, the disgraced Wall Street arbitrageur, had an investment trust in London; Mr Geoffrey Collier, the former Morgan Grenfell employee, routed his share deals through Los Angeles: and the Guinness saga has led to a trail from London to Jersey to Switzerland to Washington.

So far these scandals have not touched Tokyo as a financial centre. However, as trading in bonds and equities becomes increasingly international and Japan opens up its financial markets – albeit rather slowly – to foreigners, it is unlikely it will remain isolated. Wednesday's agreement, therefore, makes considerable sense.

Co-operation between securities regulators has been slow in coming. Unlike their counterparts on banking regulation, who meet regularly at the Bank of International Settlements under the auspices of the Cooke Committee, they do not yet have an established forum for discussing common problems.

Frustrated by the lack of progress, the US Securities and Exchange Commission pursued a unilateral approach in the early 1980s. This involved trying to extend the application of its securities laws overseas.

Not surprisingly, the tactic was greeted with hostility by many foreign nations which felt their sovereignty was being infringed. The SEC therefore started signing bilateral deals to exchange information with other nations – Switzerland, Canada and the Cayman Islands, as well as Japan and Britain.

Britain has arrived at the same bilateral approach, but from a different history. Initially, it was working on a multilateral approach through the European Commission, but this initiative does not look like arriving anywhere fast.

Britain therefore convened a meeting of international securities regulators, the first of its kind, last December. It is hoping to sign a series of bilateral deals with France, Germany, Australia, the Canadian province of Ontario, Switzerland, the Netherlands and Hong Kong, in addition to the deals with Japan and the US.

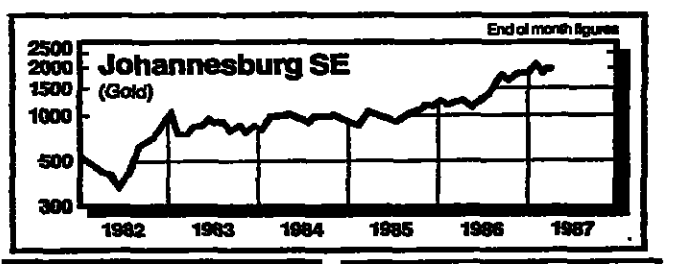
The problem is that this approach is rather piecemeal. Each deal is separately negotiated, and there are no uniform conventions.

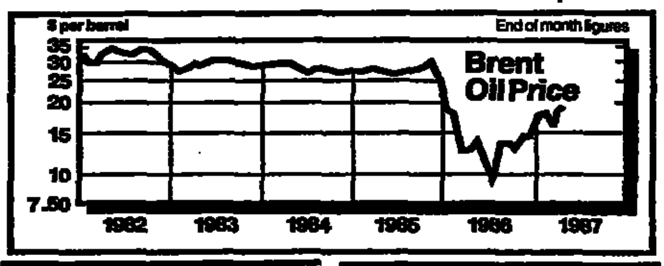
The Japanese-British agreement, for example, is less extensive than the US-British agreement.

Under the memorandum of understanding with the US, either side can volunteer information even if it has not been asked for. It is believed such a tip-off from the SEC, resulting from its Boesky investigation, led the UK Department of Trade and Industry on to the trail of Guinness.

The Japanese memorandum is much less of a free flow of information. Either party will have to request information before it is passed, and there will be less compulsion to provide the information than in the American deal.

KEY MARKET MONITORS





STOCK MARKET INDICES

	April 9	Previous	Year ago
NEW YORK			
DJ Industrials	2,339.20	2,372.16	258.44
DJ Transport	953.63	961.01	786.80
DJ Utilities	206.36	209.52	186.60
S&P Comp.	292.86	297.26	233.75
LONDON FT			
Ord	1,546.2	1,558.6	1,401.5
SE 100	1,962.8	n/a	1,659.0
A All-share	986.51	n/a	832.39
A 500	1,096.44	n/a	917.63
Gold mines	441.2	436.2	281.8
A Long gilt	9.17	n/a	8.90
World Act. Ind	$125.60	$125.47	$123.33
TOKYO			
Nikkei	22,922.20	22,912.99	15,110.2
Tokyo SE	1,981.44	1,961.92	1,212.98
AUSTRALIA			
All Ord.	1,771.2	1,759.0	1,153.9
Metals & Mins.	1,033.3	1,112.3	548.0
AUSTRIA			
Credit Aktien	201.45	201.33	111.47
BELGIAN SE	4,567.17	4,533.35	3,619.92
CANADA			
Toronto			
Met.& Mins.	2,722.1	2,743.0	2,258.0
Composite	3,837.4	3,866.9	3,059.10
Montreal			
Portfolio	1,892.93	1,920.52	1,587.00
DENMARK SE	–	200.20	236.77
FRANCE			
CAC Gen	452.9	449.70	374.1
Ind. Tendance	114.40	113.70	90.9
WEST GERMANY			
FAZ-Aktien	608.73	–	722.27
Commerzbank	1,843.7	608.21	2,194.1
HONG KONG Hang Seng	2,785.47	2,729.55	1,752.34
ITALY Banca Comm.	720.29	718.00	688.87
NETHERLANDS ANP CBS			
Gen	293.40	292.80	268.0
Ind	289.20	289.00	254.2
NORWAY Oslo SE	421.45	420.15	346.94
SINGAPORE Straits Times	1,097.28	1,085.40	580.33
SOUTH AFRICA JSE			
Golds	—	—	1,169.2
Industrials	—	—	1,127.1
SPAIN Madrid SE	222.66	221.54	155.06
SWEDEN J & P	2,653.20	2,635.0	2,284.54
SWITZERLAND Swiss Bank Ind	598.50	597.20	603.1

COMMODITIES (London)

	April 9	Prev
Silver (spot)	410.75p	414.15p
Copper (cash)	£917.50	£914.50
Coffee (July)	£1,301.00	£1,300.00
Oil (Brent)	$17.975	$19.60

GOLD ($/oz)

	April 9	Prev
London	$422.00	$420.50
Zürich	$421.45	$420.45
Paris (fixing)	$422.88	$422.47
Luxembourg	$421.05	$423.05
New York (June)	$436.50	$424.10

CURRENCIES (London)

	US DOLLAR April 9	US DOLLAR Previous	STERLING April 9	STERLING Previous
$	–	–	1.6180	1.6185
DM	1.8250	1.8390	2.9525	2.955
Yen	144.70	146.55	234.0	235.25
FFr	6.0725	6.1175	9.825	9.8325
SFr	1.5145	1.5300	2.45	2.45
Fl	2.0600	2.0735	3.3325	3.3325
Lira	1,300	1,309.5	2,105	2,104
BFr	37.85	38.05	61.25	61.10
C$	1.3030	1.3075	2.1085	2.1136

INTEREST RATES

	April 9	Prev
Euro-currencies (3-month offered rate)		
£	$9\frac{15}{16}$	$9\frac{15}{16}$
SFr	3⅞	3⅞
DM	$3\frac{13}{16}$	$3\frac{13}{16}$
FFr	8¼	8⅛
FT London Interbank fixing (offered rate)		
3-month US$	$6\frac{9}{16}$	6⅝
6-month US$	$6\frac{11}{16}$	$6\frac{11}{16}$
US Fed Funds	6¼*	6⅜
US 3-month CDs	6.10*	6.375
US 3-month T-bills	6.635*	5.64

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
April 9				
June	95-22	97-17	95-21	97-13
US Treasury Bills (IMM) $1m points of 100%				
June	94.13	94.33	94.13	94.33
Certificates of Deposit (IMM) $1m points of 100%				
June	–	–	–	93.72
LONDON				
Three-month Eurodollar $1m points of 100%				
June	93.26	93.31	93.24	93.33
20-year Notional Gilt £50,000 32nds of 100%				
June	123-13	123-28	123-01	124-07

US BONDS

Treasury

	April 9 Price	April 9 Yield	Prev Price	Prev Yield
6⅞ 1989	99[illegible]	6.765	98[illegible]	6.579
7 1994	96[illegible]	7.516	97[illegible]	7.11
7⅜ 1996	96[illegible]	7.825	97[illegible]	7.576
7½ 2016	93[illegible]	8.112	95[illegible]	7.885

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	April 9 Return Index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	−0.03
1–10	154.63	+0.12	6.66	−0.03
1– 3	144.03	+0.07	6.37	−0.03
3– 5	157.57	+0.17	6.71	0.03
15–30	193.58	+0.59	7.78	0.03

Source: Merrill Lynch

Corporate

	April 9 Price	April 9 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	93.87	6.00	94.0	5.95
SCBT South Central 10⅞ Jan 1993	104.5	9.86	103.0	9.75
Phibro Sal 8 April 1996	95.02	8.45	98.12	8.30
TRW 8⅞ March 1996	101.125	8.64	102.50	8.34
Arco 9⅞ March 2016	109.0	8.99	109.5	8.95
General Motors 8⅝ April 2016	90.75	9.03	91.125	8.97
Citicorp 9⅞ March 2016	98.5	9.53	99.0	9.47

Source: Salomon Brothers

* Latest available figures